SUNDAY TIMES business news

Do British taxes boost our US rivals?

BY KEITH RICHARDSON, Industrial Editor

E MULTI-ROLE combat aircraft—rope's costliest-ever aviation venture looks like being one of the biggest lustrial disasters in British history. is is the increasingly sceptical judgment of leaders of Britain's aviation lustry. The mammoth £1,800 million iglo-German-Italian project is near critical stage of ordering the first ototype. And if the deal cannot be rranged it would, according to the lustry's leaders, be better for Britain pull out and build her own aircraft. British taxpayers' money, it is argued, being used to finance not even rman, but American industry, at nense damage to British industry's ure competitive position, all for the e of an aeroplane which is not as good as the RAF wants, nor significantly cheaper than a wholly British aircraft could be.

Already the original political concept of the aircraft as a symbol of European co-operation and a basis for a pan-European aviation industry has been lost because much of the all-important electronics work, which in total is more expensive than either the airframe or the engine, is being passed at German insistence to American industry.

Through Rolls-Royce and British Aircraft Corporation, there is full British participation in the engine and airframe. But for the radar and other electronics systems, US industry will supply many of the basic designs and do both development and production work, even though British industry already has the full capability.

One result is that British companies, nominally entitled to 42½% of the electronics, could end up as the Germans certainly will, producing US designs under licence and assembling US-made components. While this would save some production jobs in the short-term, it immediately puts at risk perhaps over 1,000 skilled development engineers in British industry, and does irreparable damage to those companies' future in world aviation.

Now the remaining argument for MRCA, that international co-operation on this scale is the cheapest way of building a good aircraft, is under attack. Critics point out that development costs even on Concorde, with only two partners and a clear-cut job to do, are 50% higher than if it was being built by one company under the control of one Government.

But MRCA began as a compromise—for the RAF alone it will replace five different aeroplanes, the Canberra, Vulcan, Buccaneer, Lightning and Phantom. This "flying camel" concept is to be built by four industries, including the US, for three airforces, and while Governments can always pressurise their own companies to limit cost increases, they will have no sanction at all against US suppliers who prove to have tendered too low.

Yet in the interests of compromise, the RAF has already had to accept a lower specification radar than it wanted. And the whole industry assumes that it might well be cheaper, and could certainly not be much more expensive, for Britain to abandon the whole project and build the 400 needed for the RAF completely in British factories to British designs.

War in the air 45

United front against the $

BY DAVID BLAKE, Paris, Saturday

TAIN has joined forces with rest of the world's biggest ing nations to press for devaluation of the US ar in terms of gold as part ny solution to the international monetary crisis.

the meeting here today of Group of Ten—deputies esenting the principal finan-powers—every member other the US has supported the that it is now up to the ricans to do something to out the tangled situation.

to now the US has totally ted any move involving raisthe gold price above its nt $35 an ounce and Presi-Nixon has instead called on countries to solve the pro-by revaluing their own ncies against the dollar.

it the Nine—including Britain, Canada, Japan, and Sweden as well as the main Common Market countries—are determined to form a united front and throw the ball back into the US court. They are arguing that it is up to the deficit countries, essentially the US, to contribute to finding a solution rather than leaving it to those which are in surplus.

This would mean devaluing the dollar against gold but only by a small margin—probably less than 10% would be enough. The aim is to make the US play the monetary game by the official rules of the International Monetary Fund instead of trying to enforce its own views on the rest of the world.

Today's meeting is in preparation for the full ministerial meeting of the Ten on September 15. But neither this meeting nor the full IMF meeting on September 27 is likely to bring any end to this period of floating currencies. This is because other countries are waiting until the US has shown willingness to meet the rest of the world half-way. This it shows no sign of doing. After the conference Paul Volckers, the US delegate, re-emphasized the continual American refusal to budge on the price of gold. And the US has not even spelled out details of its other demands, such as the sharing of Nato defence costs.

While the Nine are in broad agreement on their policy towards the US, there is still no detailed unanimity among the Common Market countries—though such an agreement now seems less important because of the consensus reached here today. West German Economic Minister Karl Schiller said in a French newspaper interview that he felt the French economy was strong enough for the franc to be devalued by 3% or 4%, and commented, "I think that France is a little too prudent, a little too fearful. She underestimates the strength of her economy."

There are, however, now signs that the French are beginning to moderate their own hard stand on the franc and may at last be ready to revalue as part of a general world package.

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Graphics by Michael Heath

"You'll never get away with this," hissed the wily Oriental—with apologies to Chums magazine, 1929

Cattle rustlers hit our roadside farms

BY GRAHAM ROSE

CATTLE RUSTLING has reached such a pitch in Britain that many farmers are considering attaching warning bells to one animal in 20. The Wakefield station of the West Yorkshire police is dealing with reports of calf thefts from six farms over the past month just in its area and officials of the National Farmers' Union have heard of rustling in many other parts of Britain.

The loss in inconfe to farmers as the result is difficult to compute because since the 1969 Theft Act independent statistics on livestock thefts have not been maintained and as Frank Marsden, County NUF secretary for the West Riding of Yorkshire explained, "In the whole Pennine area, particularly in Lancashire, Yorkshire and Derbyshire, losses are now so commonplace that many farmers don't even bother to report them—they just accept them as a fact of life. They realise that the police have little chance of discovering the culprits because the animals range over thousands of acres of wild moorland and are slaughtered before they are missed."

Whether they report their losses or not, many farmers in the Bolton by Bowland or Waddington areas of the West Riding are investing in savage guard dogs as a deterrent to the rustlers, who have recently become sufficiently well organised and audacious to remove calves from the actual farmsteads.

While unable to be specific, Marsden estimates that losses in his district total many thousands of pounds. "Most of the thefts take place fairly close to good trunk roads where there is speedy access to a market. Farms close to the A59 leading from the Pennines into the Lancashire urban complex are particularly prone to thefts" Marsden explained.

West Yorkshire Police suspect that the whole process, from theft to the butcher's chill room, takes less than 24 hours. Once the animals have been slaughtered and the carcasses dressed, there is no way of telling whether they have been stolen or not. To avoid detection, thieves in West Oxfordshire last year slaughtered sheep in the field and only removed the expensive cuts of meat.

One Oxfordshire farmer and contractor who is sure about his losses is Jack Hatt of Goring Heath, who was in the news a fortnight ago when a load of gelignite (which he uses in his contracting business) was stolen from his premises. He recently lost seven "in-calf" pedigree Guernsey heifers worth over £1,000. Since they obviously wouldn't be very suitable for slaughter, he concludes that they will have been sold in advance to unsuspecting dairy farmers looking for replacements for their herd.

Quite understandably Jack Hatt is starting to feel victimised, since the animals were taken through the gate that was later used to steal his explosive. "As well as arming the bandits, I seem to be providing them with a livelihood."

Japan to offer a 9 per cent revaluation

BY CHRISTOPHER REED, Tokyo, Saturday

THE JAPANESE will offer what amounts to a revaluation of just under 9% of the yen if they are obliged to make a decision at this month's forthcoming international monetary conferences. This will comprise a formal revaluation of just under 6% plus a widening of the bands within which day-to-day exchange rate operations are conducted, to 3% either side of par, compared with the present maximum of 1%. This would allow the yen to move up to 8.8% above the present par value.

The Japanese appear to have decided on wider bands anyway, quite apart from the horsetrading that is going on within the Group of Ten over new exchange rate parities. It is not believed, however, that agreement on exchange rate realignments would be reached this month. So the Japanese are prepared for a fairly lengthy period of floating. By Saturday, the yen was trading at just over 6% above its par value. The Bank of Japan was said to be a large buyer of dollars, holding the yen price down.

Other Japanese monetary officials feel that no agreement on reforms of the world currency system seems likely unless one nation takes independent action. Japan, they feel, is the one that will have to act, even if it means unilateral action.

But a hard line section of government and business leaders are still opposed to any fixed increase in the value of the yen.

Unilateral action, however, is the one thing the Government has denied will happen, and there is already enough of a rumpus going on in Japan over the "betrayal" of flotation for a harassed premier Sato not to dare go back on his word again.

One important industrialist even threatened this week to come back as a ghost to frighten the Government. The president of Japan's biggest shipbuilders, Ishikawajima Harima heavy industries, Renzo Taguchi, whose company has outstanding receivable bills in foreign currencies of $1,100 million, said "If the Government fails to compensate for the whole loss that the shipbuilding industry will suffer after yen revaluation, my spirit will haunt the Government after my death."

Leading the tough talk on the yen was the president of the Bank of Japan, Tadashi Sasaki, who said on Wednesday that Japan might press the US to devalue the dollar. He said the bank and the Finance Ministry were determined that Japan would agree to revalue the yen only as part of a multilateral realignment of important currencies.

But he added: "There is considerable doubt that the current monetary crisis can be overcome through multilateral negotiations without a clear prospect of the US abolishing the 10% surcharge."

Then his officials admitted on Friday that the reduction of Bank Rate in England put renewed pressure on Japan to revalue. England and Japan now have the same Bank Rate. Japanese officials hinted that the Bank of Japan might again lower its rate.

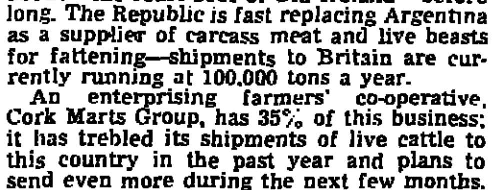
Cork steaks

It looks as though all the gloomy predictions about sharp prices for beef may turn out to be unjustified. Despite the recent drop in slaughtering figures, total supplies of British beef look likely to be about the same as last year's, and some cuts were cheaper last week than they have been for months.

One reason for the improvement is a build-up of imports—we could well be talking about "the roast beef of Old Ireland" before long. The Republic is fast replacing Argentina as a supplier of carcass meat and live beasts for fattening—shipments to Britain are currently running at 100,000 tons a year.

An enterprising farmers' co-operative, Cork Marts Group, has 35% of this business; it has trebled its shipments of live cattle to this country in the past year and plans to send even more during the next few months.

Charter ships bring the cattle across for a 10-week rest and fattening break with home farmers before they are sent for slaughter. At the end of this period the meat can legally be labelled "home-killed" (or "Scotch" if it had rested north of the border) and often was. But now Irish beef is coming to be respected in its own right.



When will the Post Office learn about postal codes? This letter arrived just as shown—with the correct postal code and the Post Office's translation scrawled underneath. As you struggle with those absolutely unmemorable, untypable, infuriating combinations, be cheered by the thought that the Post Office doesn't understand them either.

SHOP!

Edited by BRENDA JONES

The way of Hope

THE STORIES I ran last week and the week before about servicing problems prove one thing: private industry has just as many furious customers as the nationalised ones, and getting satisfaction from them is just as difficult. This is the best advice I've received so far:

Dear Brenda Jones,

I have made a hobby over the years of getting service and finding the best ways of stirring firms who quibble or just don't do anything. The various ways you have passed on are all very well, but suffer from the disadvantages of being slow and thus very frustrating.

To my mind there is only one real solution. Gather together several children (I take my own two, plus one of their friends who is a budding demolition expert), give them sticky sweets and ice-cream, harmonicas, toy trumpets, drums and cap pistols, and go to the offending showrooms at the busiest time of the week (Saturday morning is often very good). Then explain politely but firmly to the assistants (and usually very soon also to the manager, who will appear as if by magic) that you have all day and will be happy to wait until something is sorted out one way or another. Make no efforts to control the children, whatsoever except to murmur ineffectuals like "Please don't play with that plant pot"—and read either magazines or a book you have taken. I also take a flask of coffee which is useful in that, quite apart from being nice to drink and ensuring that the kids whine for a toilet before too long, it shows the staff that you mean business. Sandwiches also scare the hell out of them.

The end result should be either a replacement for whatever it is you wanted in the first place or a signed letter promising a delivery time and date.

I once got the cash for an insurance claim in 8 mins 30 secs this way.

ADRIAN HOPE

Brighter butties

In a dogged attempt to raise the standard of pub food, Ind Coope is repeating last year's competition for the best pub sandwich. Of course, any licensee could make an enormous effort just once, but the brewer has foiled such practices in advance by insisting that all competition entries must have been served for at least a month before the judging. This should make landlords think hard about the economics of their offering, and also cut out some of the more fanciful efforts. For most people, the essence of the pub sandwich is that you can manage it with one hand.

Last year's winners set a good example. The first prize winner was Mrs Stevens of the Trout Inn, Tadpole, near Faringdon, with an open toasted sandwich laid with grilled trout and the runner-up offered plain, prime beef with horseradish and mustard.

One of the problems is that some landlords cater rather closely for their customers. A Londoner served what he called a "cockney delight," which was mashed potato, onions and sliced pork sausage served on toast, and a pub near Petersfield offered toasted French bread topped with two cooked fish fingers covered with a cheese slice and sprinkled with crushed peanuts. Quite enough to drive anyone back to the draught.

The first of the semi-finals will be held next month, so if you know an Ind Coope landlord good enough to enter, or have a recipe of your own, you'd like to see more widely used, tell David White, at Allied Breweries, Allied House, St John Street, London, EC1P 1AR.

£3.6m thaw in Berlin siege

THE FIRST commercial coup following last week's four-power agreement on Berlin has been pulled off by a South London firm. After 10 months' delicate negotiation the little-known H & R General Job and Stock Buyers has bought £3.6 million worth of goods stocked up by the Berliners fearing a siege from the Communist hordes surrounding the city.

The City Fathers, encouraged by the apparent recent thaw in the cold war, have decided that life in Berlin is now not nearly so dangerous. As a gesture of confidence, they have decided to unload 10% of their stockpile of everyday goods and chattels, which probably cost £100 million in 1961, when the Wall was built. In those days eight months' supplies were kept, even down to stuff like cooking fat, which is still checked regularly and replaced as soon as it shows signs of going off.

Twelve million yards of cloth, several hundred dozen coats, suits and dressing gowns, and over one million pairs of 1961 vintage shoes have been knocked down for £3.6 million, or 36% of the stock's original value. The consortium, headed by H & R General, has been beavering away in the face of stiff East European competition, with the help of consultant Harold Anten, merchandise director of Great Universal Stores until his retirement last September.

"We've been travelling back and forth like any London-Brighton commuter," maintains Anten. But the temptation of those four bulging warehouses—all with meticulous humidity control preserving the cloth in mint condition—was a sufficient goad. "It's the biggest textile parcel I've ever heard of and I've been in the business 30 years," says Anten.

Hence the interest of barter-conscious East European countries like Hungary, not to mention all sorts of middlemen who reckon there is still a market in the developing countries for stiletto-heeled, pointy-toed, 1961-vintage women's shoes. This is why the figure offered by the British group had to rise steadily from £2 million last November to the clinching price of £3.6 million.

"Raising the finance presented no problem," maintains Anten "because all the purchase price does not have to be passed over at once." It could take 18 months to sell all the stock (which must not be put on offer in West Germany), and 10 long freight trains will be needed to transport it out of Berlin.

Gwen Nuttall

Memo to Sunley: merge

WHEN WILL Bill Shapland merge *Bernard Sunley Investment* Trust with Blackwood *Hodge? Friends of both* companies admit that Shapland, *deputy chairman and managing* director of the £53 million Sunley *property and* construction company, wouldn't take much persuading to agree to formalise a merger which has existed at top management levels for many years. He is, after all, chairman of Blackwood Hodge, the world's largest distributor of earth moving equipment, and the two companies share four common directors. In addition, the directors and Sunley *family* trustees control 40% of both *companies.*

The problem is that although *a merger would make sense for* both companies, its advocates *remember too well* Hill Samuel's unfortunate flirtation with Metropolitan Estate. Property companies have a kind of gilt edged mystique which is difficult to shake. Bricks and mortar form an effective mental slogan against inflation. But the property game is changing fast and it is time to question whether the price of immutability is not too high.

Sunley's accounts *last* week show how vulnerable it is. True, *profits rose last year from £1.03* million to £1.64 million, but *£356,000 of the* increase came from a turnaround in the building division *where* just one contract (Horseferry Road) had over the years lost the company £1½ million and £257,000 came from the volatile and uncertain property and investment dealing activities. Rents, by far the major item, rose by a mere 6%. And since Sunley has eschewed development in the past few years, rents *will remain static until 1975,* when there should be a resump*tion of growth.*

Sunley's problems date back to 1965, *when it was plainly over-*borrowed. Its equity base of £11 million then supported borrowings and other liabilities of £27 million. So the residential properties were sold and the balance sheet cleaned up. The latest accounts show shareholders' funds of £37.8 million against £15.6 million of debt, though *that* healthy *position does* owe something to the £16 million revaluation surplus last year.

What Sunley needs to maintain its rating is immediate income. *It is the one thing that Blackwood* Hodge is really geared up to provide. In the *past* 10 years, riding the back of the world's development programmes, Blackwood Hodge's sales have risen from around £15 million to £73 million. Profits have kept pace with a rise from £689,000 to £4.2 million. In the current year which ends in October, the forecast £5.2 million should be met despite slower sales and fears that the Nixon import surcharge could set back demand in some of the more important territories; Canada and Australia (which *supplies Japan) being the obvious* trouble spots.

Over the next five years, the targeted expansion programme is *spectacular. Earlier this year,* Shapland was willing to admit privately to a five-year target to increase profits to over £10 million by 1975. But this would need substantial cash resources for stocks, buildings and facilities around the world. Much of Blackwood Hodge's work is in fact financed through short-term *bank borrowings,* and though there is no anxiety about the *company's ability* to borrow at current levels of activity, net *borrowings* of £12.7 million against an equity base of £14.6 million illustrates the kind of problem Blackwood Hodge is up against. The assets brought in by Sunley would eliminate any possible borrowing problem: of the £37 *million* property portfolio, some £10 million is com*pletely unencumbered.* And it would be put to use merely by owning it.

The commercial argument therefore is whether Bernard Sunley on its own can increase the rate of growth of its income at the same rate as a combined Blackwood Hodge-Bernard Sunley group. Since 1967 (the first full year after corporation tax) Blackwood Hodge's earnings have risen by 2%, 12%, 22%, and 64%. Sunley's *have* grown *erratically* by 32%, 8%, 2%, 43%. With the *upturn in building,* Sunley is forecasting a pre-tax increase of 12½%. But *building cycles* are volatile. Sunley's rental increases will be relatively static over the next four years. Blackwood Hodge, on the other hand, could well be on the way to doubling its earnings.

Sunley's purely property status is already diluted by its construction activities. With Blackwood Hodge's world-wide earnings stabilising the stop-go profits of construction, and with Sunley's assets buttressing Blackwood Hodge's fast expansion, a merger would be a very good deal for everybody.

Aziz Khan-Panni

Michael Ward

David Samworth: "Fine tuned to pork pies"

NEW ISSUES

Quality control? all in the mouth

AT ELEVEN in the morning, David Samworth bounces with enthusiasm about pork pies; he points out the crispness of the pastry, the delicate perfume, the true colour of the meat; he *enthuses* over baking pies in a hoop, not a tin. All that *enthusiasm, shared by fellow* directors who claim palates "which are fine tuned to pork pies" backs Pork Farms Ltd, the Nottingham-based meat products group which goes public at the end of this month.

It is a curious company—its net assets are a trivial 10p a share, it has net current liabilities; David Samworth found brokers unwilling to believe he was not on the verge of bankruptcy. But in fact those net current liabilities reflect a business where 80% of deals *are for cash on the nail; you buy* a pig on Tuesday, sell it in pork *pies or bacon or sausage on* Wednesday, and settle up with the *pigman* the next week. In 1970-71, Pork Farms made £278,000 pretax profit from a £4.4 million turnover; this year, it expects well over £350,000 from a turnover expanded to £5 million plus. Sales from wholesale vans, the base of the firm's business, are already more than 20% up.

Pork Farms is an amalgam of meat firms in the East Midlands and the North-East; it *grew from* the pork butcher shops of the *Midlands through experiments in* retailing—cutting tea prices *before the supermarkets thought* of loss leaders—to its present *organisation,* with 90 vans *serving* mainly independent grocers in *chains like Spar and Vivo, and* a set of retail shops mainly in Nottingham.

Samworth keeps the names of individual firms alive — Pork Farms at the top of the market, Parrs slightly down the line—for solid commercial reasons; rationalising production makes sense, rationalising brand names does not because of local loyalties and flexibility in marketing. But Pork Farms has cleaned up its subsidiaries—buying for earnings, not assets—and boosted their *profitability* by *week-to-week* control. Quality control stays with the directors; "it's not on the slide-rule, after all," Samworth *says. "Quality control is in the* mouth."

Pork Farms is a *family* business — Samworths, confusingly, running a firm called Parr, and the Parr family run original Pork Farms. it is a craft business, a makes a blander " sausage, and own-label one of the biggest *chains.* Pork Farms sell at premium prices *a 1 lb pie, against 22p* national brands. And in an area *tightly li* present, to the Midl area, with a section Anglia. The current for geographical by acquisition — it a has a potted beef firm in —going North rather th "They're great pie e there." Samworth sa Farms' only London where Brazils would be competition—are *shops* *num and Mason.*

Unlike other meat fi *Farms gets little ben* the bacon stabiliser—th *ment* subsidy which cheap Danish import annual gross *from subsi* £70,000, and Samworth he can hold his profit f the stabiliser goes. entry, meaning dear prices, is actually a bull producers of meat produ are cheap per pound. limiting factor now is p capacity—soon to be b a new plant outside No

MEANWHILE in Augu City shot grouse, Uni the market's only newc way of an introduction been expected to ope *but instead, it shot to* 85 the company at £2.42 Director *Gordon Macph* Buckmaster Moore, adm *float was an experimen* how the market tho *Unitech's blend of vent* ness and established fir fashionable *electronics;* paid off handsomely.

Unitech ended the 90p, and a 22.5 P/E w classes the 10.2 rat market gives to Pantiya, ciate company which co a third of Unitech's Which is decidedly o Unitech will now try t valuable paper to mop 62% of Pantiya which not already control. most of the point of the

Mic

Steer clear of this funny money

H BULL market generates own funny money for take- bids — some new-style rity that will give a bid ancy capital value and convince the market that bidder is getting in cheap. equally surely that paper s looking hollow when the n fades. In 1967-68 it was the sounding convertible loan ts with low interest rates. those backed by good com- es like Thorn or Bowring lly fell by around 30% and y of the American Eurodol- convertibles are now virtu- worthless.

w a far more dangerous y money has suddenly ng into fashion. In two hs shareholders in Cunard, ians and insurance-broker iam-Richardson have all offered share warrants in packages.

ese warrants are really just ded options to buy a com- s shares in future years at etermined prices usually than the shares would cost They have a respectable ry on the obscure and ical periphery of finance. instance an investment like Thanet recently, may warrants to provide an tive highly-geared holding few sophisticated investors ut over-gearing the trust Institutions like insurance anies and pension funds prefer a loan stock sweet- by subscription warrants to ding in a company's shares But if, as seems likely, ary investors are to be bom- d with warrants at glibly l values by bidders, then nassive drawbacks of the system will come all too all too soon.

re are three problems for nsuspecting:

Warrants are very risky. is no intrinsic backing, no to any assets, interest or nds. Your option to buy s depends for its value on ise in those shares being nough. Hence if you had a nt to buy ICI at 15% above esent price over the next years and ICI had doubled, rice of the warrant might ply several times over. But rose by just 15% over the l of the warrant, it would rthless. So a warrant is not idows and orphans.

ere is no precise way of g a warrant and no accepted way. Even if one agrees that a bidder's price is fair any quoted for a warrant is open to ent. Warrant specialists that the simplest approach "assume a rate of growth he share price and deduct rice you must pay in future the discounted future price, ting for dividend foregone in the meantime (assuming a rate of growth in dividends) and the interest you can make on the money you do not have to pay out now." There are many more complex formulae. All of them involve guessing a rate of growth for the shares often between 8-12% a year. Few people in the City understand any of them. Even a banker who is currently offering warrants in a bid could not tell me on Friday how he had valued them.

● AS a result of these absurdities dealings in warrants bear no relation to formula values. The market is dominated by short term speculators, and prices swing about as the speculators are feeling bullish or bearish. This exaggerates the basic risks. In a buoyant market like today's, most warrants are standing way above most formula valuations. If stock prices turn down, warrants could plunge straight into the ground.

So far bidders offering warrants have been responsible enough to offer a cash or share alternative and warrants are currently buoyant so no one has lost out. Those for **Capital & Counties**, **National Westminster**, **Hill Samuel** and others have been very profitable. Trafalgar warrants have just opened at 48p against an expected 40p.

But funny money so often starts out in responsible hands. Already less scrupulous eyes are looking hard at the possibilities, and once a variety of warrants are quoted we can expect bidders to try to foist them onto accepting shareholders on the basis of meaningless quoted market values. The best safeguard is that the Stock Exchange will not normally grant quotation to warrants where they involve subscription rights to more than 10% of a company's capital because warrants could then, by threat of dilution, have an effect on the price of shares. Slater Walker has had to come to an arrangement over its bid for Wigham. If all Wigham shareholders accepting its bid opted for warrants, exercising these could add more than 10% to SW's share capital.

Institutions have voted with their feet against warrants in the Truman bid by selling their shares in the market. Investors too should stay clear of this new funny money.

Chateau Profite

WHEN will drink shares catch up with the sensational boom in drink sales? In the first six months of this year, wine sales leapt by more than a quarter True, those figures need qualification.

This is the off-season for wine sales; the last quarter carries 40% of the year's business, and the Christmas rush is harder to expand. The trade will be happy to see a 12% rise for the whole year. But even that shows that the upward trend in wine sales is accelerating. Shares still suffer from the bad old days of steeply rising duty. But with Britain in Europe, duty levels will stabilise. The British, knocking back only five bottles a year each, might get nearer to West Germany's 22; challenging the French and Italian 150 bottles will take longer.

The growth area now is in supermarket sales; one in four is licensed today, against one in 20 four years ago. Supermarket chains like to shop around among smaller shippers. But they are also selling more and more British wine, now up to a quarter of their liquor sales. **Allied Breweries** dominates that market, with VP and Whiteways subsidiaries: One third of its profits come from wine and spirits, through Harveys, Showerings and the Grants of St James's importing business. Allied's rating should be on the up. My old favourite **Matthew Clark** also shares in the British wine boom, through Barchester Wines and Stone's Ginger, as well as shipping big-name up-the-market wines and liqueurs. **International Distillers**—wines from Justerini and Brooks to Brown and Pank—look good value on a similar P/E of 17.4.

Traditional heavy wine groups, **Sandeman** and **Williams and Humbert** have already had good runs; further boosts depend on bid hopes. And bids also make **International Stores** attractive; its 370 wine and spirit licences should offer the biggest proportional benefit among retailers.

It's that man again

WHEN JIM SLATER launches a £22.5 million investment trust from scratch—by far the largest such operation since the war—I quail. Does this octopoid outfit of Slater Walker, which already has a guiding hand in practically every significant takeover bid going the rounds, really need another £22.5 million to buy positions in stocks that he, his client companies or some other bright spark is after? Slater assures me this is not the purpose and that the trust will be run quite separately. But it will be surprising if there are not some coincidences.

The trust will be dealing in the sort of situation stocks in which the parent company has made so much money. Without the unit trust problem of redemptions, with the ability to invest up to 15% of the portfolio in any one stock and without the need to publish a portfolio, the trust's managers should have a good deal of fun. They should even make money.

But many of the market's professionals are wary on two counts. Although underwriting was understandably easy, this is a lot of trust to absorb in one go. Moreover the trust itself may run up against problems. The 80% capital gearing (or debt) that the trust will start with put a strain on income.

The trust's relatively high charges (½% of the gross portfolio), its expected high level of dealing expenses, its substantial interest requirement for the £10 million 8½% convertible loan stock, and the loss of dividends from stock turned over, implies that if the trust is to maintain its 2% dividend yield, its underlying investments would need to yield on average rather more than 5%.

Another problem is that the Inland Revenue is concerned to prevent investment trusts from dealing too rapidly. Although no specific ceiling has been set, it is widely believed that a trust turning over more than 30% of its portfolio a year might lose its investment trust status (and hence advantageous capital gains tax position).

Selwyn Tait

Jim Rowland-Jones: still in with a chance

Mis-Alliance

SMALL shareholders in Raglan Property last week learned the sharpest lesson about how bid battles really work. They cheered and applauded as their champion, chairman Jim Rowland-Jones was given an overwhelming vote of confidence on a show-of-hands vote; but the cheers died down when the results of the full poll were known. Alliance Property, led by absent Major George Webb, had cornered 17 million of the 26 million votes cast; it has more than 34% of Raglan's equity. On a technicality, Rowland-Jones was voted out, Webb and his associates were not voted in. The Raglan board had hastily to co-opt its chairman back.

This inconclusive stage in a long-standing three-bid battle for control of Raglan shows just how vulnerable small shareholders can be when bigger financial fish are swimming closer to their company.

Even now a victory for the tedious Alliance steamroller is not quite certain. Rowland-Jones, back as chairman and still with powers to issue shares, could push out Raglan paper to friendly parties; his next test is at October's annual general meeting. Webb still has to win his way on to the Raglan board, and block share issues. But can Rowland-Jones still protect his punch-drunk small shareholders from the brutal facts of City life?

o fall in September

ARKETMETER

tember could be a good for shares. The one whole Bank Rate cut may have directed at outsiders and be irrelevant to the economy zed long-term interest But psychologically it was the best thing that could appened to the stock —the other, good half- esults from ICI, did terialise but still The Times gained 0.45 points to 168.73 week. As the holiday draws to an end and ng City men have to make ns on which way the will go, it will help sway f the doubters. Many ional investors reckon prices are too high, which orded company earnings e. But several of the ecovery sectors will, like ancial trades, be turning in gures. This should be to sustain the general eling that things are better. Wall Street is m. There is plenty of around, in institutional private hands and eager-to- nks and few I reckon sellers of shares

not Ryan of **Ryans Tourist** s, star of the Dublin Exchange, is back in the is week with a tiny , the first in Ireland for rs. **Ryan-Traders Distribu-** th trading profits sing out at £54,770, and butor for motor component gineering equipment for ies like A. C. Delco and Lucas, is offering 175,000 shares through the Allied Irish Investment Bank at £1 a share. Ryan intends to use the new company as a vehicle to expand into the motor distribution field, with a foothold in Britain (and a London quote) as the next major objective. The prospectus lacks all-important turnover figures. But annualising the 17 months to February a pre-tax profit of £68,200 is indicated (including £13,500 investment income). Irish tax law is still on the old income and profits tax basis, so the earnings yield of 7½% covered 1.45 times is a more realistic standard than a P/E multiple. It should be a fun speculation for the wife.

● **William Cook & Sons (Sheffield)** is rated in the market on a minimal P/E of 6.3. But this small foundry company has been operating at maximum capacity for the past two years. Its turnover was a record £1.15 million last year and earnings rose 25% to £103,000. A narrow market, but deserving a higher price.

● On Wall Street share prices staged a sharp rally on Friday, after four days of slippage, when President Nixon scotched fears of an excess profits tax as part of the second phase of his new economic programme. The Dow Jones index ended 4.60 points up on the week at 912.75. Motors continued to gain ground, adding between one and two points on average.

● **North Eastern Timber** is really pulling in the profits. After sales up £1 million to £5.4 million and earnings 50% better at £94,000, I hear the six months to June produced £3 million in sales (compared with £2.5 million) and earnings up by a quarter.

t those systems go

IME TO BUY

YSTEMS has an image . It is actually doing very out of the fast-recovering industries. But its range ucts from concrete vibra- d grouting equipment to ent for pre-stressing con- nd cable connectors is d in the market as some- suspiciously near the ring or electrical en- g industries and there- be avoided. Disappoint- -year figures seemed to these suspicions. As a re- has unjustly missed out upsurge in building shares and is now stand- n appetisingly low rating. half-year result looked se than it was in fact of accounting changes, the declared profit for month to last November pparently fallen from to £163,000. But the 70-71 results, due next will show an improvement year's £324,000 and I am g around £340,000. This drop the P/E ratio to ore than 8.

because of the lag between tion activity and CCL's ok, the marked upturn ruction is only just be- to come through. It pre- splendid opportunity for those who missed the earlier boom in building and construction shares. Meanwhile CCL's exports are roaring ahead. The nervousness over steel bridges following the Yarra disaster in Australia could dramatically raise demand for pre-stressing equipment. And with motorways (all those pre-stressed concrete bridges) providing a solid and profitable base for CCL's products, the upturn in profits should reasonably be at least 20%. This would drop the prospective P/E to 6¼.

The question is what rating should CCL have? The building materials sector average of 20 would be misleading. The average of engineering stocks is 15. Though small, the market in CCL shares is relatively free. The profit record is good: in 1969 and 1970, profits were raised by 30% a year. And the 4.7% yield is attractive. With profits on the upswing again, a 6¼ projected P/E is absurd. A more realistic but still cautious projected P/E of 9 would imply a price of 45p.

Buying price: 32p;
1971 high: 38½p; low: 27½p;
Yield: 4.7%;
Cover: 2.6;
Estimated P/E: 8;
Latest estimated profit: £340,000.

Aziz Khan-Panni

The highest-priced shares in the world

NO OTHER European share more typifies European company exclusivity, secrecy and success than the legendary Swiss Hoffmann-La Roche. Its largely family-owned shares are the highest priced in the world, to discourage buyers, although it is now possible to buy one-tenth of a share participation certificate. Hoffmann also releases as few figures as it can, and those that are revealed are nowhere near the full story for this international pharmaceutical giant, which has at least 40 manufacturing subsidiaries all over the world.

Roche is the biggest drug company anywhere and arguably the most successful, doubling profits in the last five years. It dominates the tranquilliser drug business with Librium and Valium, and this year a successor, Nobrium, is being even more heavily touted than they were. In spite of this success, informed guesses at Roche's true earnings, believed to be understated in the published figures by four or five times, indicate that the shares are selling on a modest P/E of about 15.

EUROSHARE

HOFFMANN LA ROCHE AG, BASEL.
Bearer shares price S.Fr: 190,250 (£19,410);
Dividend S.Fr: 1,000; Yield: 0.53%;
Estimated sales: £500 million;
Market capitalisation: £1,350 million;
Profits: £84 million;
Number employed: 29,000.

The capital structure of Roche has no parallel anywhere. Apart from the original shares issued in 1919-20 the group has never raised any money outside the company. It has no debt and finances all its heavy research and capital spending itself. Everything is depreciated 100%, immediately out of current earnings. The original shareholders were almost immediately paid their subscription back so that in theory the group virtually owns itself. But the 16,000 original bearer shares still carry the votes and so get dividends. They were allotted the non-voting participation certificates of which there are at present 54,000. So as a company Hoffmann nominally owes its shareholders nothing, and their scrip is, effectively, a right to participate in the miniscule dividend.

With all those bearer shares about, it is theoretically one of those companies that a thief could take over, but voting control is held very tightly by the Hoffmann inheritors and the other voting shares are held by the dour burghers of Basel. So the shares are among the most difficult in the world to buy, only one or two being offered in an average week. In addition, Roche has completely hived off its interests outside Europe into a separate company, SAPAC, whose shares are attached to Hoffmann shares and certificates and whose earnings and dividend already contribute over half the Roche pay-out. SAPAC is a Canadian corporation run by the Roche management from headquarters in far-away Montevideo, Uruguay, and its main profits come from the immensely successful US Roche, which now accounts for at least 40% of the business.

Investors have done fa[…] well out of Roche, one of […] pure pharmaceutical inv[…] you can buy. About two-[…] all sales are prescriptio[…] cines, and a sizable […] Roche's dominant posi[…] synthetic vitamin supplie[…] world. There are al[…] interests in diagnosti[…] medical electronics, and […] years ago, Roche took […] major diversification by […] ing the Givadaun perfu[…] flavours business. Howe[…] description of what this […] does can ever dispel the […] of these shares for inve[…] Switzerland, Hoffmann-L[…] accounts for a weighty 25[…] of all stock market capit[…] and movement. Intern[…] the shares are a co[…] legend.

From the wonderful folks who gave you Madison Avenue

BY GWEN NUTTALL

How to sell the same product: Left UK-style, above US-style

NEXT WEEK, one of the oldest and most famous names in British advertising, S. H. Benson, will come under the wing of the Americans, in the form of Ogilvy & Mather. Now there is only one British-owned agency of real international weight, Masius, Wynne-Williams, to support the belief that UK firms still carry importance on the world scene.

The fading of British-owned agencies is a recent phenomenon. Three years ago, Masius was one of four British-owned agencies in the UK's top 10 along with Benson, Lintas and the London Press Exchange. Moreover, the London advertising world felt it had contained the irruption of American agencies which characterised the late 1950s and early 1960s. But the inexorable trend towards internationalism in big business (meaning, in general, US business) meant inevitably that anyone wishing to count in the world league had to have a foothold in the lush pastures of the US. This was for two reasons: First, US companies expanding into partially unknown foreign seas are bound to look more favourably on a service company they know back home. Second the sheer volume of US advertising—60% of the world total, or a massive £8,350 million compared with Britain's £500 million—indicates that even a foothold would generate the cash flow to finance an international organisation more readily than even a sizable UK base.

Only one British agency had the nerve to take the war into the American camp. In 1968 Masius bought Street & Finney of New York, now billing £6.5 million. Of the others Lintas, built into an international chain by business from Unilever, its owners, sold 49% of its equity to an agency with a lot of Lever's business in the US, Sullivan, Stauffer, Colwell & Bayles in 1970; the LPE sold out entirely its main London agency and international chain to Chicago-based Leo Burnett in 1969.

Benson's history is less simple. Having formed a working association, involving only a nominal exchange of equity, with Chicago's Needham, Harper & Steers in 1966, Benson catapulted into the select club of the world's Top 10 highest billing agencies two years later when Benson-Needham linked up with the powerful State-owned French agency, Havas. The resulting group was the only European one in the world's Top 10, but billings alone do not weld a genuinely international chain. The cost of building a real network bore hard on a group whose home market was in recession for the second year running. Menacingly, also its property values were running way ahead of its market value as an advertising agency. So Benson feared a repeat of an earlier shock to the British advertising scene this year, Barclay Securities' bid for the old-established Dorland, in which office leases counted for more than clients. No wonder Benson was happy at the idea of linking with Ogilvy & Mather—even though O & M was not in the same world élite.

And it already had a tie of sentiment with O & M. Together with Mather & Crowther, it had financed David Ogilvy's assault on Madison Avenue back in the 1950s. Sentiment played its part in deciding Ogilvy, now one of America's most successful agencies, on his 50-50 merger with the other British parent, Mather & Crowther in 1964: it was also likely to influence O & M in favour of a Benson rescue.

The new Ogilvy & Benson group will be the seventh biggest in the advertising world. It needs to be big. Sheer size is allegedly a prerequisite for keeping and gaining big international clients in the coming decade. In theory, the only other route to a healthy balance sheet is that of the small agency content to handle products with a purely national market. Of the big agencies, now only the Japanese Dentsu is without an American shareholding. The Americans dominate the international ad scene not just through size but also because they started out earlier to follow their customers abroad. In the 1920s, Thompson's set up shop abroad because General Motors wanted it, just as McCann Erickson sallied forth to service Esso and Coca-Cola.

No British company chose to fund an international network so systematically, with the exception of Unilever which supported Lintas, first as a house agency until five years ago, then as a budding independent international set-up. Other Europeans simply shopped around. "I think the American way of doing business is to have everything cut and dried and tidy whereas the British attitude displays a more pragmatic approach to local conditions," says O & M's vice-chairman, Jimmy Benson (who is not related to the Benson family). But now, even for US companies internationalism no longer spells sinister uniformity as it did a few years ago. Only one-product companies like Coca-Cola, Esso or Pan Am can afford the luxury of dictating how an ad should look from South America to West Germany.

British advertisers — even nationalised ones, simply go where they feel the talent is—mostly American-owned. BOAC is snug at Foot, Cone & Belding, BEA has no worries about using Thompson's, and the British Steel Corporation gave a £500,000 image-building campaign to O & M.

"Where head offices have good local management, they delegate the authority to choose an agency. So we have to win the confidence of the local management of every client in every country we have an office," maintains Jack Wynne-Williams. Of his 46 clients in London, just under half use the Masius International network. John Treasure of Thompson's insists that having a parent company's account can be a positive hindrance to winning business from a subsidiary abroad—witness Ford, where the British subsidiary has always shied away from using Thompson's—its agency in the US. All the big US agencies insist that survival depends on winning local clients. McCann, established in London since 1929, only really started making tracks in 1968 after it had deliberately set about reducing its dependence on US companies which now account for 30% of its £11 million turnover compared with 60% of £6 million five years ago.

So American success al[…] not explicable mainly i[…] of tied clients from hom[…] Wynne-Williams argues […] have taken over not becau[…] are better advertising men[…] British people are running […] can agencies extremely we[…] because they were bette[…] nessmen. They had a muc[…] realistic view of the busine[…] the idea that used to prev[…] of advertising as a sort o[…] game rather like a Ximen[…] crossword." And Jimmy […] admits that Mather's lear[…] to run a profitable operatio[…] Ogilvy.

At the moment only […] display advertising is han[…] US-owned agencies—tho[…] advertising, as in other […] tries, the Americans do[…] the mass sectors, in this c[…] and the popular Press, […] in general, only the mor[…] tered, less exciting busi[…] British-owned firms. Af[…] isn't because of size or […] power, simply business s[…]

US shoots down Britain in the air war

BY KEITH RICHARDSON, Industrial Editor

THE MULTI-ROLE combat aircraft on which the British, German and Italian Governments are planning to commit nearly £2,000 million over the next 12 years has its technical origins in the abortive Anglo-French Variable Geometry aircraft. But its political leadership always rested with West Germany, which originally planned to buy more MRCA's than anyone else, which therefore became the site for project headquarters, in Munich, and which has always seen the venture as an ideal way of buying itself into big-time modern aerospace technology.

But the British civil servants who finally drafted the memorandum of agreement, during the Healey-Wedgwood Benn era of defence procurement when the principle of European co-operation seemed more important than the fine print, made what they now recognise as a fatal mistake. It allocated 42½% of the work each to Britain and Germany, with 15% to Italy. But it left open the possibility of buying from other countries where the price looked better.

While airframe and engine development are moving on a genuine Anglo-German basis, this loophole was enough to let US industry, starved of home defence orders, into the far more important electronics sector of the contract, which accounts for nearly half the total cost. The Germans were keen to let the US in, partly as an easy way to offset US defence spending in Germany, partly because American companies have already played a large part in the rebirth of German aviation, and partly because US contractors, attracted by the possibility of putting British competitors out of business once and for all, have submitted quotations so cheap that even the US Government has warned the Europeans against believing them.

British contractors, who have had all the basic capabilities ever since TSR2 but have been desperately short of orders, reluctantly accepted that sharing their precious technology with the Germans was the price to be paid for winning high-volume orders. Unfortunately, the truth turns out to be much worse.

A series of joint ventures were planned: for example, the flight and weapons control computer, a black box at the heart of the aircraft constituting the second biggest electronics contract, has been offered by the GEC subsidiary Elliott Flight Automation of Rochester. It is based on the existing Elliott 920, but both the detailed development and the production would be shared with Siemens and AEG in Germany.

The company most likely to win this contract, however, is a German company purporting to offer a German computer. It is, in fact a subsidiary of the US Litton Industries, and is offering a Litton computer. Detailed engineering development would almost certainly be done in the US, a good deal of Germany's share of production could end up in the US and, even if a British company was given the chance of building the Litton computer under licence, it would have to buy US components and its own technical development would be permanently stunted.

Meanwhile British engineers who face redundancy—Elliott is losing 400 at Rochester, for example—are already receiving offers of jobs in Germany and the US to work on these projects.

Elliott is still fighting for the computer, Ferranti for the inertial navigation, Smiths for the head-up display. But the biggest plum of all has already gone to the US: it seems a foregone conclusion that North American Rockwell's subsidiary, Autonetics, will win the £80 million radar contract with a system which British industry regards as underdeveloped and quite incapable of being built for such a price.

Autonetics commented yesterday that "the capability of each sub-system which makes up the total radar has been proven in previous programmes." Autonetics' experience includes large cost over-runs and late delivery on American F-111 aircraft.

Again, had this been fairly beaten by another European company no-one could complain. But losing business to a US supplier was not what MRCA was intended to achieve. Britain's Defence Minister Lord Carrington has put this point to the Germans, warning them that to buy a genuinely European product was likely to be cheaper in the long run.

But the Germans, who are more used to cost-plus agreements and have little experience of the pitfalls of so-called "fixed-price" contracting, simply pointed to the Autonetics figure and said if this was not accepted they would pull out of the whole MRCA project altogether. And that appears to be that.

Already some German companies have privately indicated that they are so dubious of the plane ever being built that it is only the development contracts they are interested in. Some British contractors have tried to persuade the Ministry to give them small development contracts just to keep teams of men in being, in case US supplies prove difficult. The RAF, for a time, even fought to have British electronics inside its own 400 aircraft while leaving the Germans to buy US—but this has been over-ruled.

Nixon bids farewell to the American Dream

BY HARLOW UNGER, New York

PRESIDENT NIXON last week gave America a glimpse at his plans for "Phase Two" of his dramatic new economic policy, now widely referred to as "NEP." Phase One of NEP froze wages of all Americans for 90 days, from August 14 to November 12. But, as part of Phase Two, the President extended the freeze for an additional six months for 4.2 million Federal Government workers, including the military. Last week's action guaranteed that no Federal Government employee would receive a wage increase until July 1 of next year at the earliest. The savings to the US Government are estimated at $1.3 billion.

The President's action all but killed the few remaining hopes that America might return to a free economy after the end of the 90-day wage-price freeze. Indeed, some pessimists now predict that the President might well extend the freeze to all wage-earners for an additional six months.

Cooler heads, however, realise that such a move would be impossible, because of a festering revolt among labour unions, whose standard three-year contracts call for mandatory wage increases at the end of the first and second years. Such increases are being postponed during the current 90-day freeze, but it is unlikely that union leaders would sit still for a postponement past November 12. In fact, United Auto Workers president Leonard Woodcock has already threatened to strike the entire US auto industry if the latter does not grant the automatic wage increases due on December 1, at the end of the first year of the current contract.

Business is also beginning to rebel against the freeze. Some firms are making a mockery of price controls by using a loophole that exempts so-called "new products" from the freeze. Thus, shirt manufacturers are raising prices across the board by simply adding pockets to previously pocketless shirts.

Constitutional lawyers agree that a contractual right is a property right in America, and that the President cannot abrogate existing contracts. Labour leaders would already have gone to court to obtain injunctions against the wage freeze, had Labour Secretary James Hodgson not wooed them into voluntary acceptance of the temporary freeze by appealing to their patriotism during the immediate economic crisis.

But the Nixon Adiminstration cannot count on voluntary compliance after November 12, and as of this writing, no firm decisions have been made about how to control the wage spiral after that date. Presidential economic advisor Herbert Stein is chairing a small task force that is polling management and labour views on Phase Two and will eventually draw up the alternative proposals for the president.

These proposals range from Professor Galbraith's call for permanent wage and price controls to industrialist Cyrus Eaton's call for a return to a free economy. Nixon's probable course will run between these two extremes. In fact, Congress, which will have to approve Nixon's course of action, favours proposals put forth last week by the former chief presidential economic advisor, Gardner Ackley, who served under President Johnson.

Ackley called for a return to the voluntary wage and price guidelines tied to productivity. President Kennedy used the guidelines most effectively, and President Johnson was able to follow suit until the effects of Vietnam war spending and a $25 billion Government budget deficit triggered the still uncontrollable inflationary spiral.

Ackley's proposal calls for executive powers to roll back any price or wage increases that violate the productivity guidelines set down by the Council of Economic Advisors. The new guidelines, however, would not affect wage increases called for in existing labour contracts. But Washington economists are not worried about the inflationary effects of mandatory second and third year wage increases. In most contracts, the largest annual wage increase comes in the first year and all major US industries have already granted these.

Aside from the wage restraints, the Nixon Administration is also considering an excess profits tax to soothe angry labour leaders who claim the NEP is, in the words of Ralph Nader, nothing but a "Christmas present" for big business. But both Democrats and Republicans believe an excess profits tax would merely produce excessive expense account living.

Thus, Phase Two now appears to be shaping up as a relatively simple system of guidelines backed by executive enforcement powers. Simple though these may sound, they will, according to Washington economists and politicians, remain a part of the US economic picture for many years.

ss Bell, with the fastest lipstick in the West

Honour the Flag and the ski cosmetic

BY VINCENT HANNA, Lakewood, Ohio

TER this year, Jess Bell, who rs Stetson hats and six guns, an American flag on every in his offices and dreams it covered wagons, is plan to stake a claim for his netic company in the unchar- wastes of the United King- . The company, Bonne Bell, one of the fastest-growing ily firms in the USA. Over of its sales come from icated cosmetics and it domi- s the ski cosmetic market.

nderstanding the Bells and r business is difficult unless happen to be a Western fan. J. G. (Jess's father) was on a farm in Missouri and up cosmetic sales because vas a godly and profitable ness. He called his second ghter Bonne after a romantic ine in the Saturday Evening and today, at 48, she is a president of the company bears her name.

ie business was founded on a n formula old J.G. bought in from a druggist in Lakewood, . ("I don't know where he the money" says Jess.) d 1006 it is a medicated skin iser. Last year Bonne Bell 255,000 gallons of it and a t of over $1.2 million. Jess over in 1959 and since then of the lotion have fallen 90% of the total turnover to 40%. The growth of other business is entirely due to the colourful ideas which Jess manages to turn into hard cash.

Jess Bell is a ski-ing enthusiast and five years ago he introduced a range of outdoor cosmetics designed to protect complexions from the wind and sun of the ski slopes. Now he dominates the sports market and has successfully resisted the attacks of giants like Avon and Revlon.

He did it by saturating the ski slopes with slogans (Out there you need us baby), and using established skiers as promoters. He hired Olympic star Billy Kidd, and gave $50,000 a year to the US ski team. Now he plans to move into Europe.

"I sure like something different," he told me. And at Lakewood he certainly has that. Just down the road from the Ford engine plant he has built a row of period houses—only they are just a facade that hides the factory, offices, and 200 people. Number 1 is an example of Regency architecture complete with curving stairway that actually leads to a 1970s style laboratory. Next door is a copy of the house of Betsy Ross, heroine of the American War of Independence and outside is a replica of her flagpole "With an actual Betsy Ross flag" explains Jess. Number 4 is designed to look like Number 10 Downing Street, and the fifth houses a wine and cheese shop.

Behind the fake fronts Jess Bell has a personal office full of cavalry relics, Western paintings and more flags. Next door is a Western barber's shop with reclining chair and striped pole ("It's a nice place to nap at lunch time" says Jess) and nearby is the J. G. Bell memorial library containing the old man's books—handsomely bound copies of the complete Reader's Digest condensed books and a few volumes on conservative thought.

There are no unions at Bonne Bell, but the welfare scheme, sickness plans and wage rates are all better than any offered by a competitor. In addition, there is a profit-sharing scheme: 15% of every worker's flat pay is paid into a mutual fund as a bonus and invested annually for his retirement, or departure. The worker becomes eligible for the money after 10 years. Bonne Bell ploughs back about 20% of its profits into the scheme, and it works out at a sum much higher than Britain's statutory redundancy pay scheme. And while there are only three black workers, Bell does give equal pay for women.

Not everything about the frontier spirit is benign, of course. There is a dependence on physical prowess in Bell's philosophy that seems out of date in a changing America.

"My son Buddy," Jess remarks, "wants to play tennis, but I told him he must go out for football. I mean, he's 6ft 2 and 14 years old. He should be out there knocking people down."

Next year he intends to hit the UK with a massive sales drive involving chain stores and sporting goods suppliers. You may be surprised at the style of the immensely likeable, immensely chauvinistic American, but he will probably talk you into buying just the same. Then ride off into the sunset leaving you with cold cream on your face.

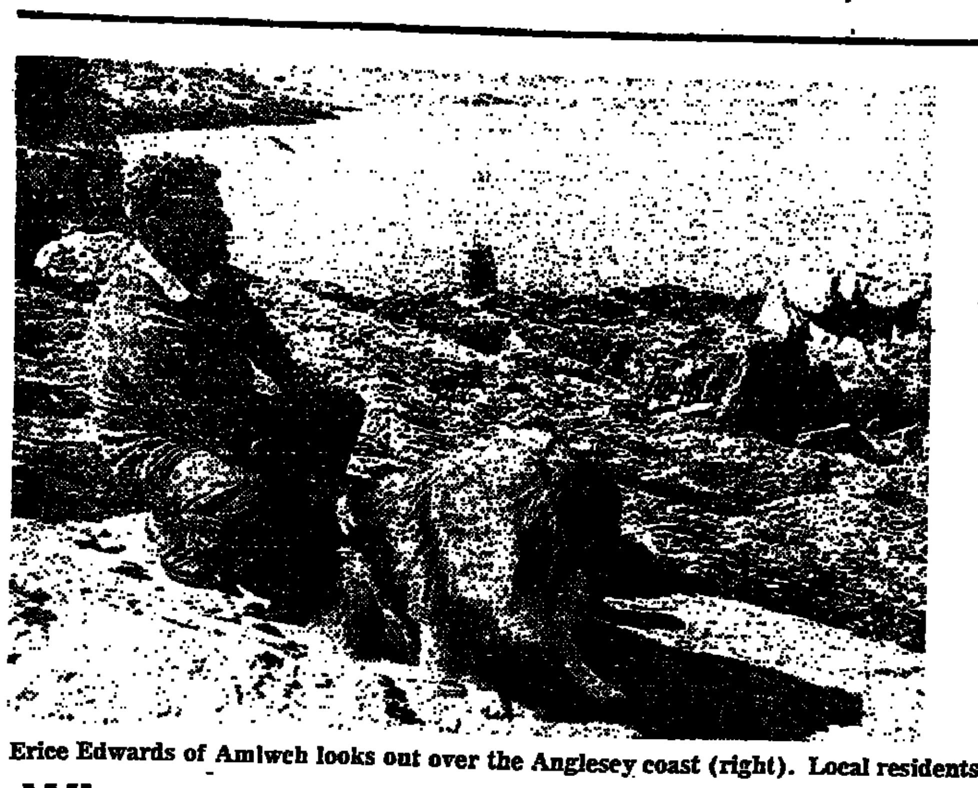
ie rules of the Market

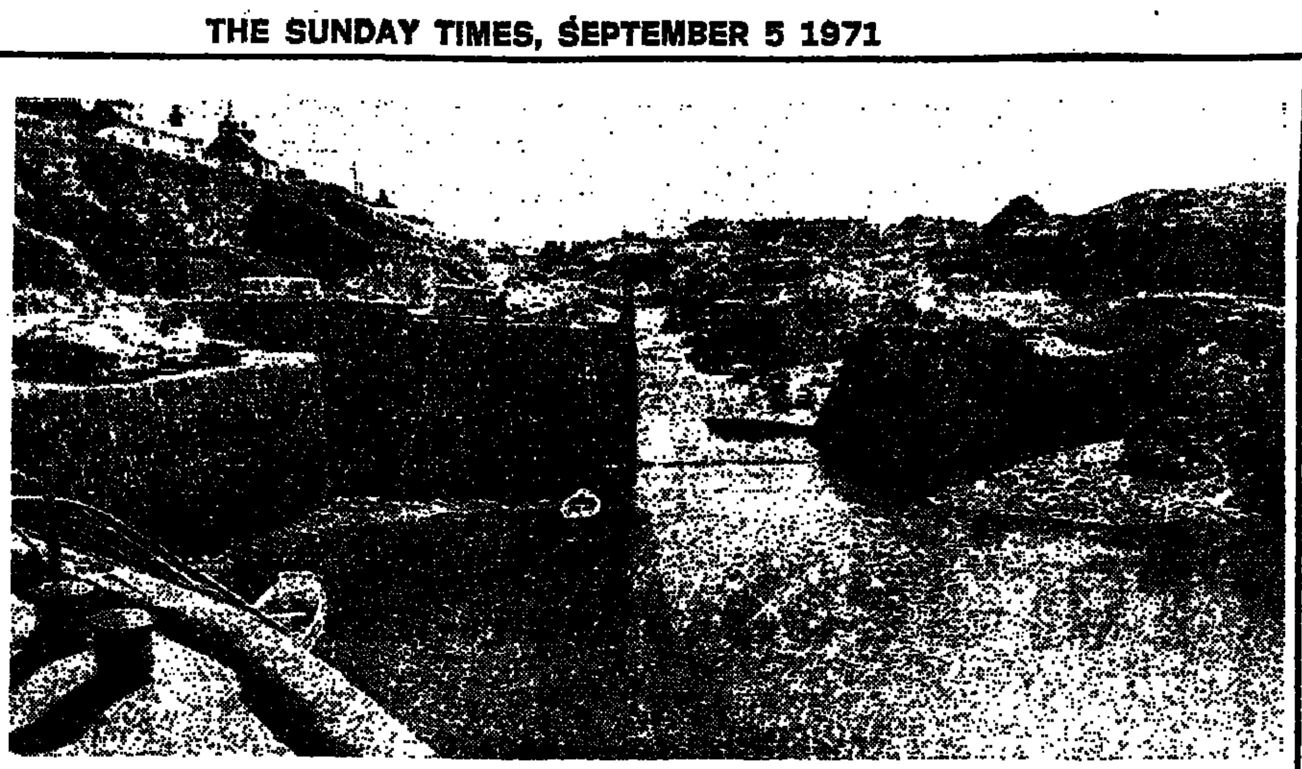
iat to do about Europe—the crucial decision now facing in's businessmen—is the ct of a high-powered one- seminar being sponsored ly by The Times and Inter- nal Business Communica- on September 30.

der the chairmanship of ge Thomson, who led the ur Government's market iating team in 1967, leading cal and business leaders— ding Britain's chief Common et negotiator Geoffrey Rippon, Sir David Barran, the chairman of Shell, and John Cooper of Schroder Wagg—will be giving the talks. These will cover such vital subjects as the decision-making structure of the Common Market, the rules of competition, the protection afforded to national suppliers, and invisible exports.

Further inquiries and reservations for the seminar—which costs £30 per delegate—should go to Louise Guest, International Business Communications Ltd, 1-9 Hills Place, London W1.

ACADEMIC APPOINTMENTS appear on page 10





Erice Edwards of Amlwch looks out over the Anglesey coast (right). Local residents wonder if the future will show a magnificent harbour—or a polluted sea

Who wants Shell on the sea shore?

Prufrock in Anglesey

THE OLD conflict over whether bread comes before beauty has broken out again, this time on Anglesey, the island just off the North Wales coast. Anglesey has been neglected for years, brought to life only by the summer tourists and the train-loads of Irishmen making for Holyhead, and its unemployment figures are continually among the worst in Britain. So the fact that three industrial giants have suddenly seen prospects in its natural resources should sound like good news.

But the people of Anglesey are looking sceptically at their gift horse, fearing that the new industries will destroy the land and pollute the air and sea. So now there is a classic confrontation, with Rio Tinto Zinc, already established with an aluminium smelter at Holyhead, Canadian Industrial Gas and Oil, wanting to mine copper at Amlwch on the northern coast, and Shell, who think that Amlwch harbour is the finest site for a super tanker terminal in Europe, all lined up against Welsh Nationalists, bird lovers, hoteliers, retired golfers and Friends of the Earth.

Shell has two alternate routes for a pipe line from Amlwch harbour to a tank farm at nearby Rhos Goch. One goes under the homes of Emyr Ditton-Jones, the Amlwch town clerk, William Williams, retired sea captain, and John Jones the Tobacco. They have all refused to allow Shell to survey their land.

So Shell asked the golf club about the second route—and finds it of like mind. Not surprisingly, with Jones the club president and Ditton-Jones and Williams former club captains. Do Shell have a third route? "I don't know and I haven't bothered to find out," says Capt. Williams (handicap 13).

Shell have been plotting their invasion of Amlwch, where the sea drops to 20 fathoms in no time at all, since the mid-1960s. Two miles offshore, tankers will offload 50 million tons of crude oil a year at two single-buoy moorings. The oil will then be piped, via storage tanks, inland to the tank farm, and thence 70 miles to the Shell refinery at Stanlow in Cheshire.

Details of the terminal appeared in one of the Company's house magazines and, by sheer chance, the news leaked onto the island. When Shell and the Mersey Docks and Harbour Board announced plans to promote a private Bill in Parliament to provide for the terminal's off-shore installations, Anglesey County Council halted the idea in its tracks.

So Shell offered the county a royalty of one new penny per ton of oil landed—£170,000 a year rising to a maximum of a quarter of a million. Shell's PROs criss-crossed the island meeting people, showing films, explaining, cajoling, dampening talks on pollution. In March this year, the County Council voted by a large majority to promote its own Bill, virtually identical to the first. From the fatalistic turn of the debate it is clear that the Council (representing 60,000 islanders) *did not believe that it could take on the might of Shell.*

Yet Shell had still not presented its planning application to the council. When it did, the County Planning Officer, Norman Squire Johnson, made an exhaustive *investigation* and recommended against the terminal. The planning committee ignored his advice. The report has never been published.

The Lords referred the Bill to a Select Committee. Anglesey Defence Action Group, president the Marquess of Anglesey and backed by the Council for the Protection of Rural Wales, Amlwch Chamber of Trade and the London-based Friends of the Earth wanted the Bill dropped entirely. But the committee decided in favour by a single vote and the Bill should become law before the end of the year.

Shell's most powerful argument is "national interest," which means the North West needs oil and the bigger the tanker the cheaper the transport costs. Last year Shell claims to have handled 65 million tons of oil, through 16 single-buoy moorings around the world, with only two recorded spillages.

The thought of a million-ton tanker blocking out the holiday sun dismays local hoteliers, not impressed by Shell's suggestion that a trip around the vessel would be a magnet for tourists. One million tons is an awful lot of oil to offload in a shifty north-wester and a dizzying current. And the tide runs along the coast, not in and out, so a spillage could pollute 126 miles of sandy beaches—much of it areas of outstanding natural beauty—kill razor-bills, guillemots, puffins, mussel fisheries, shellfish hatcheries at Conway and ruin the marine research programmes in the Menai Straits and the £7 million tourist industry. One open hatch, and Shell's £250,000 pay-off would be like a black drop in the ocean. But Shell points out that because the oil would run along the coast, it would give more time for sweeping up.

In exchange, Amlwch gets a derisory £1,000 a year and a £4,000 lump sum for handing over the harbour to the County Council.

Says Emyr Ditton-Jones (handicap 24), "We'll get a better harbour, and a few hundred employed *in the two years' construction*, but afterwards only about 20 jobs will go to local people. If there was a referendum in the town, we would reject it.

"Shell says there will be no refinery, but we have no guarantee somebody else won't build one here. Or a petro-chemical complex," adds Ditton-Jones.

"We only have their word for it that single-buoy mooring is the safest system yet devised. The planning inquiry in October will only be able to discuss land installations. We want a full-scale inquiry into the whole question of discharge of oil into the country and, in particular, the effect on the amenities of Anglesey. But any inquiry would have to be held before the Bill became law—otherwise how could the commission defy the will of Parliament by rejecting the terminal?"

In the end, Shell will probably have their terminal. But their troubles could only be just beginning. At a memorable Shell publicity meeting in Amlwch, Mrs O. T. L. Huws recalled that insurance did not cover war, riots and civil commotion. "Bear this in mind when you lay out your pipeline," she advised.

The fluoride on Holy Island

CLEDWYN HUGHES used to have the Anglesey Aluminium smelter almost at the bottom of his garden in Holyhead. But since the smelter has come on steam, the Anglesey MP and former Labour Secretary of State for Wales has moved three miles *south to luxury Trearddur Bay.* It is quieter and there is less of that tell-tale white dust.

The smelter was the first of the battles fought by the preservers of Anglesey's industrial chastity and they lost. Now the 400ft. chimney can be seen for miles around, puffing a thin cloud of fluoride into the sky. Anglesey farmers recall that, at an official inquiry, Rio Tinto Zinc (which is the major partner in the consortium) promised a 95% containment of high-level emissions of fluoride, on a production of 100,000 tons a year. But then Duncan Dewdney, head of the consortium, announced that the containment would only be 86%. As the smelter will now produce 300,000 tons a year, this amounts to a more than eight-fold increase *in fluorides*—and a greater danger of fluorosis.

A protesting Holy Islander (Anglesey is really two islands, and Holyhead is on the second, Holy Island) was told by the chief alkali inspector, F. E. Ireland, that "we do not accept that the estimates submitted by the company at the public inquiry were binding in any way." Industry, he guessed, "cannot be handicapped by rigid rules based on estimates."

Your friendly neighbourhood copper

IF AMLWCH is yearning for its *ancient prosperity*, it could happen quite soon. Canadian Industrial Gas and Oil are getting warm at the Parys copper mine, two miles out of town. Five years and £1 million after prospecting began, they are about to drill bore holes in search of a rich seam. Edwin Cockshutt, retired Ministry of Aviation engineer, mine historian and the company's adviser, is convinced the copper is there in workable quantities.

The Celts, and later the Romans, only scratched the surface of Parys. It took the discovery of a rich vein of ore in 1768 to turn Amlwch into a boom town—it mushroomed from three houses to 6,000 people (today it has half that). Parys copper bottomed the British, French, Dutch and Spanish navies and two years before the French Revolution, *gave forth 4,000 tons* of pure copper. It controlled world copper prices and, in an undercutting war, delivered the coup de grace to Cornwall's mining ambitions. But the momentum of the mine declined after the Napoleonic wars and Amlwch was forgotten. Since then, the owners, the family of the Marquess of Anglesey, have been looking for a serious operator. The copper course, from Norway to Southern Ireland, via the Lake District, Anglesey and County Wicklow, has scarcely been touched.

Cockshutt predicts a 3½% metal extraction from the ore, far above the minimum of 1% needed to make it pay. The company will need to invest almost £10 million, but would recover its outlay in five years. "I foresee the day when Britain once again exports copper."

Ten thousand tons of crude ore extracted a day will give work to 400 people, says Cockshutt. "Amlwch, remember, has 10%, or 350 people, out of work." Cockshutt also has a recipe for reducing the desolation that is a relic of earlier activity on the mountain. "You empty the silicote waste into tailing ponds on the mountain, let them thicken and, when they're settled, spray with compost and plant crops, thus rejuvenating land which for years has been barren."

After which, Edwin Cockshutt becomes a Friend of the Earth.

Friendly persuaders

IF Shell, RTZ and Schweppes are enemies of the earth, Graham Searle is a Friend. Since Friends of the Earth (FOE for short, ho, ho) went into business in a minute office in King Street, London, in February, they have barely pricked the conscience of the great polluters. But Schweppes tasted some of their own bitter lemons when Friends dumped an embarrassing pile of non-returnable bottles at their West End head office. Another Friend, Richard Thompson Coon, organised the anti-Shell terminal petition to the Lords.

Friends' preoccupation now is open-cast mining of low-grade ore—which must be on a large scale to make it economical. "Many mines are in low population areas, especially national parks like Snowdonia, the Lake District and the Dales. But these remote areas play a fantastically important role in our life. They are not just a Welsh or a Yorkshire concern, but places where we go to be rejuvenated."

Last week Searle was in Snowdonia watching Rio Tinto's prospects. "If they got the go-ahead for mining in a National Park, then I bet a pound to a new penny there will fifty other mining applications within a year—South African, Canadian, American and the rest."

Denis Herbstein

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So what's new about Fortress America?

By MALCOLM CRAWFORD **Economics Editor**

"WE ARE playing under entirely different ground rules, the Marquess of Queensberry rules v. street fighting. Our foreign competition uses street-fighting rules"—Donald McCullough, past president of the American Textile Manufacturers Institute and chairman of Collins & Aikman.

"Rather than call it US protectionism, I would call it a beginning toward an enlightened and reasonable economic nationalism. The rest of the world has practised economic nationalism, but we have not. Ely Callaway, president of Burlington Industries Inc, the biggest textile group in the US.

"The road into Japan is about three inches wide. The road into the US is about three miles wide"—Donald Kendall, chairman of PepsiCo Inc and head of the Emergency Committee for American Trade.

"We also have nontariff barriers to trade but I think we are much more the victim than the culprit. I think others have many more barriers than we do"—Maurice Stans, US Secretary of Commerce.

These quotations, which apart from the last one were from a seminar held by Time Magazine in May, reflect the state of paranoid delusion in which much of the American business community is over their country's position in world trade policies. To be fair, there is much truth in Kendall's observation, especially as it was made last May, before the latest round of Japanese trade liberalisation. The Japanese have been subsidising exports, have discriminated against American firms in certain Japanese markets, and have maintained quota controls on a large range of imports. Liberalisation is more than half-way complete (except perhaps on US investment in Japanese manufacturing). But Japan has still some way to go before she can claim to be operating in accord with international trading rules—and the progress that has been made has only occurred because of intense American pressure on them. The current American phobia about foreign trade is, at root, a quarrel with Japan.

The trouble is, it has become inflated into much more than that, with a lot of emotion *aggravated by economic diffi*culties at home, due to the recession. And, of course, acting on this situation, there are always special interests lobbying for government help against the foreigner—any foreigner. Unemployment is still far too high, with a presidential election little more *than a year away. It is not* surprising therefore that even the White House colludes in this self-deceiving game of blaming the foreigner for America's troubles.

And so we have the otherwise puzzling phenomenon of the US Treasury assuring foreign journalists that the 10% import surcharge will come off once the Japanese revalue the yen by an adequate amount (15% is what they apparently have in mind) while the rest of the Nixon Administration assumes it will stay on a long time. The surcharge is about the most popular thing Nixon has done since getting elected in 1968, and he doubtless sees himself getting re-elected by it next year.

Full use of this hardening of US attitudes will be made for negotiating purposes—not just bargaining the surcharge against exchange rate changes (in fact, hopes of this look poor now, for the immediate future) *but over a wide range of issues.* These will include non-tariff barriers, the so-called "border tax" argument, sharing the costs of NATO, preferential trade arrangements set up by the Common Market, and who knows what else.

So it is now Washington against the world. If a real, *open discussion of these issues* gets under way, what will happen as the layers of self-deception get peeled off? Will people like those quoted above quickly realise that the US is not whiter than white in trade policy, after all?

Take Maurice Stans on non-tariff barriers. In the same congressional testimony from which I quoted him above, he listed non-tariff barriers *against the US, and those used* by the US. The *former run to* more pages, but these consist mainly of protection by under-developed countries, whose barriers generally cause little concern because they can't afford to buy more anyway. The list of American non-tariff barriers is however longer than those for Britain and the Common Market countries combined.

Perhaps the largest number of accusations against the US are over valuation problems. The worst one is undoubtedly the American Selling Price system of valuation, whereby *US Customs charges duty (on* a wide range of products, mainly chemicals) not on the export value, but on their estimates of the much higher market prices in the US. The Johnson Administration thought it had negotiated this away in the Kennedy round, but Congress has so far refused *to ratify this concession.* Europe and Japan are withholding tariff cuts in the meantime, but would sooner get the agreements implemented than continue this extra tariff protection.

The US Customs uses eight other valuation systems besides ASP. Some products are valued by "appraisement," and the complexities and uncertainties that arise are a hindrance to *trade.* It would *simplify* matters for everyone if the US went over to the Brussels definition of valuation, to which Britain and other European countries adhere.

There are special valuation problems arising from anti-*dumping legislation. The Nixon Administration has stepped up* its surveillance of dumping in the US — the anti-dumping division has increased *its* investigating staff from four to 41—which would be fair enough, were it not for the uncertainties in US anti-dumping law. It is hard, for instance, to know what their Customs will consider a fair landed value, after allowing for special expenses of export*ing.* The American Importers Association has asked the US Treasury to give opinions on such matters, whenever US importers and foreign exporters request. The US does not entirely adhere to the International Dumping Code.

Then there are quotas, and "voluntary." restraints on ex*ports* by foreign countries. These are in practice no different from quotas, but Americans like to think they are more ethical, somehow. Quotas on American imports of industrial products have risen from seven in 1962 to 67 last year (including "voluntary" ones). At the same time, *import licensing* by other developed countries has been steadily reduced. It is a moot point whether even Japan may now be "whiter" than the US on quantitative control of imports.

On cotton textiles—one of the most important of these—the US participates in a con*trol system sponsored* by GATT; but the proportion of cotton textiles the US allows in under this is much less than is permitted by Britain and the Common Market.

Containers for American ships may not be bought abroad, if the ships are operating under differential subsidy *contracts. Restrictions on im*ports of firearms are more severe than those on internal trade.

There are many restrictions on food imports, both for health reasons and overt protection. Most other countries have these too, though.

No more than 1,500 copies of any book written by an American in English can be imported.

Government procurement is another major non-tariff barrier. Here the US Federal *Government is probably a little* cleaner than Britain, France, or Japan. Defence spending in or near the US is virtually closed to foreign suppliers, but other centralised federal purchasing departments use only a 6% margin of preference (generally) for the American product under the Buy American Act. State and local government preferences tend to be more arbitrary, though, and there is much more in the way of implicit "Buy American" clauses in the private sector, than there is in Europe. Insurance *companies, for instance,* tend to insist on testing arrangements provided by domestic industries, and these often imply buying the domestic equipment as well. US *foreign aid is also* more tightly tied than Britain's, though perhaps not more so than that of, say, France.

All subsidised ship construction must be done in American shipyards, and equipment purchased must be of American origin. Nixon has just extended this principle to industry generally, for his new investment allowances are conditional on the goods being made in the US. This is very bad, because European countries that have used investment incentives (especially Britain) have made them non-discriminatory with regard to the origin of the equipment. Nixon has introduced an utterly wrong new non-tariff barrier, at the very time when negotiations on non-tariff barriers are getting under way, on a long-term basis, at the GATT.

Standards are, perhaps, the *fuzziest area in the non-tariff* field. More often than not they can be justified, even where they tend to protect the domestic industry. But the US has some fairly blatant ones, such as the condition that pressure vessels must bear the stamp of the American Society of Mechanical Engineers.

Then there is the tariff schedule. American officials have been going on at great length lately about the way the Common Market has been breaching GATT principles of multilateral non-discriminatory trade, by conceding preferences to African and Mediterranean countries. Having built up a head of steam about *this, they* are uncertain just how to react when the four EFTA neutrals (Sweden, Finland, Switzerland, Austria) receive free trade area treatment after Britain joins the Common Market—for this will amount, *in effect,* to reciprocal preference. Yet for years the US, while preaching multilateralism, used *to make* what were effectively reciprocal tariff changes, by splitting their tariff headings up, so that the goods under the new subheading were in fact ones supplied by the country making concessions to the US. Partly as a result of this, the US has thousands more tariff headings *than other countries. The US* Tariff Schedule is a terrible thing to try to find your way through — related items are often listed separately, and exporters claim that it is in itself a non-tariff barrier.

The most valid American complaints about other countries are those about State procurement. The public sector in Britain buys hardly any goods from outside EFTA, unless they are totally unavailable. Continental countries are also nationalistic. American firms counter by establishing plants in Europe—which is fine for the US shareholder though the unions don't like it.

They also complain about higher road taxes on large cars *in Japan* and some European countries. American cars happen to be big. Being big, they also make greater demands on road space, bridges and intersections, than smaller European cars. If vans should pay higher road taxes than small passenger cars—as they do—why shouldn't large passenger cars?

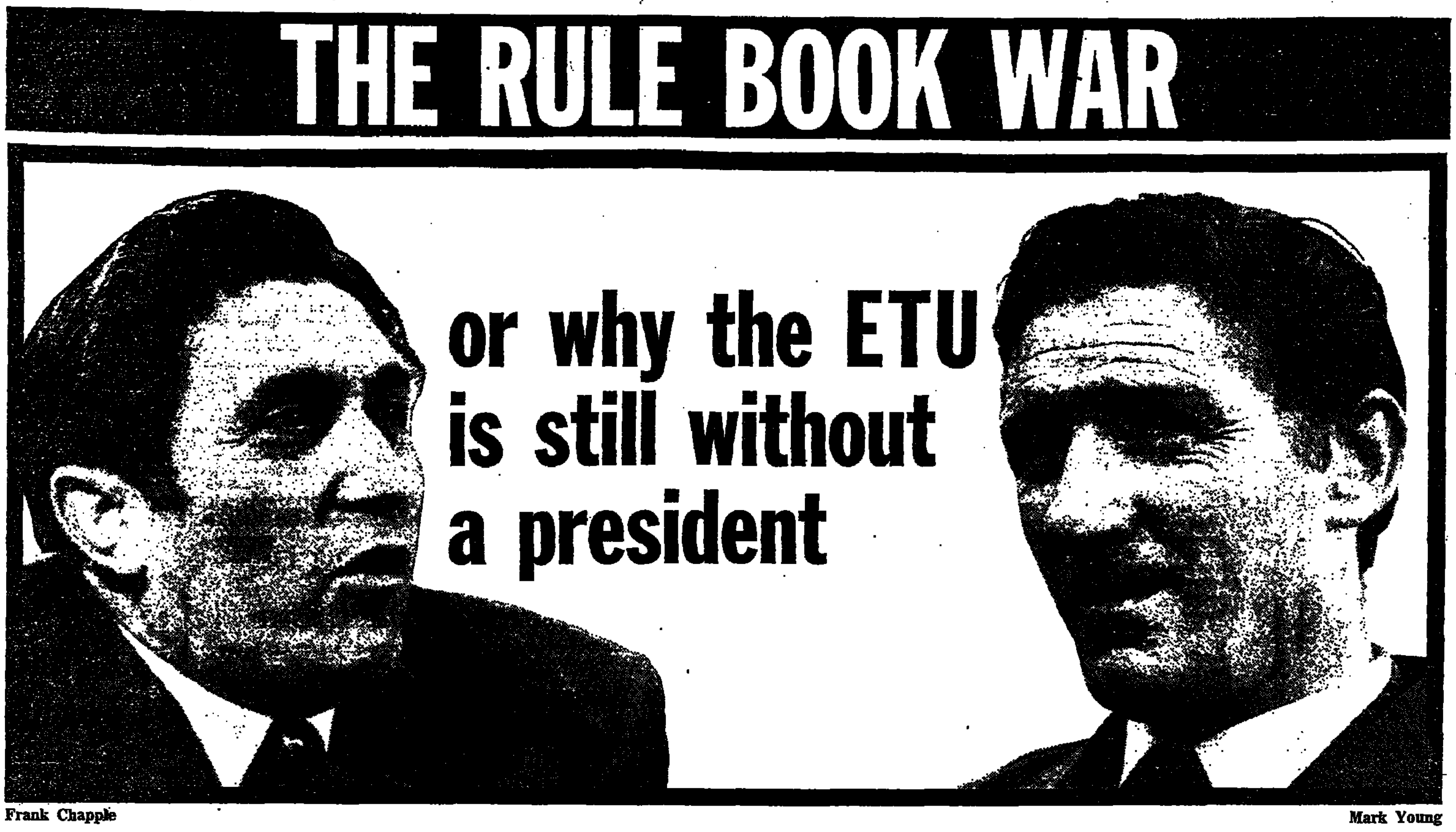
The greatest output of verbiage from Washington, on bad foreign behaviour, has been over the alleged "border taxes." Mainly, this reflects the difficulty Americans have in *understanding the value added* tax. Experts in Washington who should know better, have compounded this ignorance with pages of sophistry about how fiscal discrimination occurs because taxes are not *always entirely "passed on."* This is irrelevant. Really, the issue is simply whether indirect taxes in Europe (which are levied both on imports and domestic products) are levied at effectively the same rates *on both. Almost invariably,* they are.

It is hard to avoid the impres*sion that the US was among the* most restrictive markets among the big 10, apart from Japan and (possibly) Italy, even before the Nixon surcharge.

The surcharge is now a *fait accompli.* Other countries are *partly responsible,* because if they had revalued their currencies in time, the crisis *might have been averted. This* would not have sufficed, however, without much earlier reflationary action by Nixon.

Past errors on both sides are water under the bridge. What is important now is for the rich nations to co-operate together to reduce America's paranoia over foreign trade. This should involve concessions, but not meek surrender. It should also include demands upon the US — like, for instance, to implement its undertaking on ASP valuation, and stop demanding "voluntary" export curbs. None of this will be achieved in a week.

THE RULE BOOK WAR



Frank Chapple

Mark Young

For the second time in a decade 420,000 electricians in Britain's fifth largest union may have to watch their leaders drag their quarrels into the courts. ERIC JACOBS examines the w ay in which the balance of power can be affected in that union—through the innocent-looking medium of the rule book.

"I don't know what most of ...se rules mean," Mr Justice ...nn, August 24, 1961.

...NION RULE books are ...ange documents. Framed by ...e founding fathers to bind ...e power of union officials, ...ey are often much better at ...ng ordinary men in knots. ...e ETU rules have changed ...veral times since they ...asperated Mr Justice Winn ... years ago, but they are no ...s tortuous now than they ...re then.

...In the last few months, the ...les have allowed the most ...portant office in the union, ...at of General President, to ...nd vacant since last Decem...r. they have let Frank ...apple be re-elected General ...cretary of the union with his ...ly credible opponent dis...alified and they have per...tted the union's regular two-...arly conference to be de...ed, a minor point, perhaps, ... with significant implica...ns that will emerge later.

...One writ by a national official ...inst the union has already ...en heard in the High Court ...l further litigation may be ...the offing. And an embryo ...position to Chapple has be...n to form reminiscent in its ...tics of the anti-Communist ...position of 10 years ago in ...ich Chapple himself played ...eading part.

...n 1959, the Communists ...ged a ballot, in a desperate ...rt to preserve their own ...n, Frank Haxell, in the Gen...l Secretary's job. Fearing ...t Haxell was going to lose ... election for General Secre...y, they actually posted bogus ...elopes so that branch bal... favouring Haxell's oppon... Jock Byrne, appeared to ...ive too late to count.

...he Communists were caught ... rigging an election. In the ...sent situation, one thing ...st be made clear. Nothing ...gal has happened. But in ...ms of the balance of power ...a union, deferring the elec...n for the top job can have ...important effect.

... struggle for power inevit...y began last December with ... death of the union's Gen...l President, Les Cannon. ...midably tough, Cannon had, ...his last years, proved to be ... of the most original minds ...the trade union movement. ...e Chapple, Cannon had been ...ommunist himself, until dis...sion with the Party set in ... both of them when the ...sians invaded Hungary in ...6. Cannon had worked hard ...n Chapple to get the Com...nists out in the late 1950s, ...ough the ETU Reform ...ement, whose secretary was ...ther young ex-Communist, ...k Young.

...he office of General Presi...nt left vacant by Cannon's ...th is the most prestigious ... the union. Its holder is ...ponsible for all negotiations ... behalf of the union's mem...s—and negotiation is, after ... what a union is really ...ut. The General Secretary's ...es are, by contrast, nearly ...defined as administrative ...rank Chapple used to be ...ly inseparable from Can... It was even difficult to ...te one to lunch without the ...r. He and Cannon made ... of the most powerful union ...erships in the country be...en them and carved a new ...e of respect for their orga...tion within the union move...t, from which it had been ... outcast during the last ...s of Communist control.

With Cannon's death, Chapple is the senior survivor of the old anti-Communist group. Short, burly, shrewd, and a no-nonsense tactician, he has been as able as most union leaders to assert his influence in the union's controlling body, its Executive Council. But the responsibility for the present state of affairs must rest with them.

The decks for the struggle were cleared on 29th December, a few weeks after Cannon's death. Then, because of the resulting pressure of work on Chapple (and changes in union rules because of the Industrial Relations law) the Council agreed to postpone the union's two-yearly conference from May to October.

The first move in the power struggle began on January 25, when the executive of the union decided to call for nominations for an election for the General Presidency. At the same time, it also called for a legal opinion "On the validity of the nomination of all full-time officials." Mark Young is a full-time official and was known to be anxious to stand.

At its February meeting, the executive duly heard an opinion from Ronald Waterhouse, QC. "On balance," he told them, "I think the true construction [of the rules] is that a member of the Electrical section who is a full-time official is ineligible, unless he resigns before nomination." Mr Waterhouse went on to rule 11 executive councillors out of the running, unless they resigned first, and Chapple too. It appeared that the only senior officers of the union who could stand without first resigning were the three executive members from the small Plumbers' Union, with which the ETU merged three years ago. The Electricians' and Plumbers' Union (known officially as EETU/PTU) now has 420,000 members and is the fifth largest in the TUC.

Mark Young was thus eliminated, along with every other candidate much more prominent than a shop steward—including Chapple himself. How on earth could this happen? Here, we must plunge briefly into the complexities of the union rule book.

Since 1965 it has been understood that the 11 executive councillors—the union's board of directors, elected on a regional basis—would not stand for the jobs of national officers (the union's main negotiators) and in return the national officers would not stand for the executive council.

The idea seems to have been the reasonable one of removing possible sources of friction. But the rules left completely obscure the status of General President and General Secretary. Were they full-time officials, or were they executive councillors? In fact, they appear to be both at the same time and so neither full-time officials nor executive councillors could stand for either of these two top jobs.

This interpretation of the rules eliminated the only people in the union with any kind of national standing from the Presidential race. And indeed, as was to become clear, later, it also eliminated all such people from competing with Chapple for his own General Secretaryship.

When they heard Waterhouse's opinion the executive decided to call off the Presidential election. For several months, at least, the possibility of a new President was removed.

But there remains the question of Chapple's own post. Chapple had been elected General Secretary of the ETU for a five-year period, and that would be up in September this year.

On May 15, the union executive met to consider the list of candidates nominated for election. Five names were on it. One, Mark Young, made it known that he did not want to run. That left Chapple, two relatively unknown shop stewards, and Jack Ashfield, the executive council member for the Midlands. Ashfield was the only man in the running with a real chance of making a dent in Chapple's vote.

The critics start to speak

Chapple, as the minutes of that meeting put it, "Drew the attention of the executive council to the fact that the acceptance of nomination by Bro J. R. Ashfield had been received at this office (union headquarters) on May 11," i.e. one day late. This was true, but it was a somewhat threadbare point. And Ashfield was ready for it. He produced evidence that he had sent off his acceptance on time by recorded delivery post.

The executive accepted Ashfield's explanation. Chapple left the room while they considered the eligibility of the candidates. If he was worried, he needn't have been. Waterhouse's opinion still held good: Ashfield, as an executive councillor, could not stand. Three names only went on the ballot papers, and the following month Chapple was well and truly re-elected.

The decisions over the Presidential and the General Secretary's elections were both hotly challenged not just by the Left-wingers in the Communist Party—backed by the "Flashlight" group, who have challenged everything that has happened in the union since the Communists lost power but by Young, Ashfield and Charlie Lovell, once the Plumbers' leader and now a member of the combined union executive.

Lovell was the first critic. In a letter dated March 23, he warned Chapple that he intended to raise an objection to the way in which the executive had reached its decision not to hold a Presidential election.

This letter was not, however, discussed by the executive at its next meeting, for by then Lovell had supplied an affidavit in support of a writ that Mark Young had issued with two aims—to have a Presidential election called and to get a declaration that he, Young, was eligible to stand in it. Young's case was argued on May 12 and 13. On May 19, Jack Ashfield joined in with three stiff letters to Chapple.

Lovell, Young and Ashfield each had their own points to make, but they all had one point in common. Frank Chapple himself had been elected General Secretary of the ETU in 1966 without resigning his previous job of Assistant General Secretary (an office since abolished). His own eligibility had been disputed at the time by the union's Darlington branch. But the executive had, in January 1967, ruled in Chapple's favour and their interpretation of the rules was, "That for all electoral purposes, the General President, General Secretary and Assistant General Secretary are full-time officers of the union."

Surely what was good enough for Chapple was good enough for Young? It is interesting to note that in an affidavit to the High Court Chapple pointed out that documents concerning his election in 1966 had been passed to Waterhouse, "who had advised in consultation that they do not affect the conclusion expressed in his previous Opinion." But there has, as yet, been no definitive ruling on this central point. Lovell got no answer to his letter. Ashfield got a fairly stony set of replies to his three from the union's solicitors, and Young had his case dismissed before the High Court on the technical ground that there was no compulsion on the union to hold a Presidential election before its next rules revision conference in October. His eligibility was never finally proved one way or the other in the only way that it now conclusively can be—through the courts.

Hugh Scanlon: merger talk

So far, all that had happened was that Chapple had been re-elected while there had been no election for a new President. If, however, both elections had been postponed to, say, next December, a very different picture might have emerged. Young would almost certainly have then been able to stand for President and Ashfield for Chapple's position as General Secretary. For the union's executive is proposing to the October conference that the bars to both offices on full-time officials and councillors should be lifted.

The five-month delay has meant that Chapple was elected without opposition from Ashfield. It has also opened up new prospects for a future in which the union might no longer have a powerful, old-style President, but perhaps a lay President, as the majority of unions have, or even no President at all.

To understand what the postponement of the conference meant, it is necessary first to plunge once more into the union rule book and then to consider the meaning of the merger talk between the ETU and Hugh Scanlon's Engineering Union (AUEW) that has recently been started—to the cynical astonishment of the entire trade union movement.

Pitfalls in the stop-gap rules

The 35 "General Rules" of the union were put together in 1968, largely by Chapple and Lovell, to carry the electricians and the plumbers through the first phase of their amalgamation. Many of the rules of the two parent unions were left intact. The idea was that at this year's conference the rule book could be looked at again and sorted out if necessary.

General Rule 9(G) is a good example of the stop-gap character of what Lovell and Chapple worked out. It allows the executive of the new, combined union not to hold an election to replace an executive councillor if any council seats fell vacant before this year's conference. It was a sound, practical move in theory. Supposing a member of the council died and it was found his job was unnecessary, it would have been silly to hold an election just because the rules said you should. Why not leave it to the conference to decide? Who could tell in advance what organisational structure the experience of the two unions working together might suggest? But, in practice, the main effect of the rule has been to delay the election of a new General President — even though the rules make it unmistakably clear that this is the prime post in the union and, by inference, the least dispensable.

There was, however, a further result of putting the conference back to October. What that effect was became clear at the executive meeting of July 27. As yet, no official minutes of that meeting are available. But this is what one council member told me had happened.

Chapple began by saying he had been approached by Hugh Scanlon, who had suggested they should talk about a merger. Chapple agreed. The two unions, he told the executive, had a lot of things in common. Scanlon, he said, was that very morning also meeting his executive and his union would be forming a working party for merger talks at that meeting. The ETU should do the same. The executive promptly agreed to do so.

Now this seemed a very unexpected thing for the ETU to do. For one thing, it was already supposed to be in talks with another union—the National Union of General and Municipal Workers—and, only shortly before, that union had written suggesting that, after the lull in the talks due to Cannon's death, they should be restarted. And they had got an answer back from the ETU agreeing. But even more surprising was the notion that two unions of such different political colour should come together. Was it possible that two bodies as antipathetic as the far Left Engineers and the far Right Electricians and Plumbers could ever find common ground?

There are certainly sound industrial reasons for a merger. Engineers and electricians do have a lot of common interests. But there could be another strand of logic. The Engineers have increasingly become a federation of unions. The Foundryworkers and the Draughtsmen, for example, have recently joined up with it, leaving their own structure more or less intact.

In particular, their General Secretaries have been left in charge of their own outfits. In no merger between the Electricians and the Engineers could any President other than Hugh Scanlon be imagined.

Could it be that at the October conference delegates will be told that a merger with the Engineers is under discussion. What, then, would be the point of having a Presidential election? Might the ETU not even consider abolishing the post altogether?

But the story is not yet over. The saga of the ETU rule book is far from finished. For his opponents in the union are now considering again the question of Chapple's own election. Could Chapple, perhaps, be unseated in another High Court case?

Was Chapple's election ever valid?

The grounds that Chapple's opponents think they have against him again arise from the complexities of the rule book. Their arguments go like this: Chapple was originally elected General Secretary of the ETU alone. When that union merged with the Plumbers, he ceased to be the elected General Secretary of the ETU and became the General Secretary of the new joint union—a job to which he had never been elected.

They claim it is thus impossible for the statement in the executive minutes of March 12, that, "The term of office of the General Secretary, Bro F. J. Chapple, ends on September 8, 1971," to be correct. That would only have been the case if the merger between the two unions had never taken place and Chapple had remained the elected secretary of the ETU only. Or, alternatively, if he had been elected in the first place by the combined unions.

Furthermore, the argument goes, even if it was correct to hold the election in June, the election that was actually held was conducted under the old ETU rules and not, as it should have been, under the new joint rules.

All this is conjecture on the part of Chapple's opponents. They may be right and they may be wrong. The only way of finding out is in the courts. And that prospect is formidable, both financially and morally. Do they really want a new round of court-room publicity? Yet there is no doubt that the way union affairs have been going over the last nine months has made that dismal prospect a very real one.

International Operations Analysis

MBA or Qualified Accountant 28-32

Rank Xerox Limited is responsible for very extensive marketing operations through its numerous companies throughout the world. In the London Headquarters the operations analysis team is constantly reviewing and reporting to top management on the performance of all operating units, as part of a total planning and control approach.

Recent major developments in this new department have made it essential to strengthen the management structure.

The men for these positions will be graduates holding either an MBA or accountancy qualification. They must have a successful industrial commercial background with at least 2 years managerial experience in planning and control – preferably in a large international company using advanced techniques.

The right men can expect a starting salary of up to £6000 and good promotion prospects to line management or senior positions in other Headquarters departments.

Write giving full details of background and experience to: **Ralph Barker, HQ Personnel, Rank Xerox Limited, 338 Euston Road, London, NW1**

RANK XEROX

Mechanical/Electrical Engineer

mining, metallurgical plant and services

at least £5300

This senior appointment has a diverse range of responsibilities which offer both challenge and interest. He will report to the Engineering Superintendent and could typically control up to six section engineers and 400 men. His responsibilities will span mining and metallurgical plant, all services, township maintenance, road and rail transport operations. His financial accountability could exceed £1 million per annum. The post will be with one of the three main operating divisions of Roan Consolidated Mines Limited which respectively control two large underground mines: a smaller underground mine and two open pit operations. Major expansion projects are being undertaken currently at two of these operations.

To meet the requirements as Assistant Engineering Superintendent, applicants should be 30 to 40, graduates, and chartered mechanical and/or electrical engineers. Some 5 to 10 years' responsible experience in heavy industry is necessary, covering design, planning, installation and maintenance. A knowledge of contract procedures and costing would be useful.

Employment is on a renewable contract basis with terminal gratuity, excellent conditions include low rental housing, children's education allowances, mid-contract leave passages for employee and family. Earnings are subject to Zambian income tax and currency regulations allow expatriate staff to externalise up to 50% of earnings each month. Paid leave is at the rate of 60 days per annum.

Please write, quoting reference SA.119, for further information and application form, to:
The Manager,
Overseas Appointments,
RST International Metals Limited,
One Noble Street,
London, EC2V 7DA.

RCM IN ZAMBIA

PA ADVERTISING

2 Albert Gate
Knightsbridge London SW1
Tel: 01-235 6060

REPLIES. Unless otherwise stated, please send comprehensive career details to the PA Advertising office indicated, quoting the reference number on the envelope. Replies which should not refer to previous correspondence with PA, will be forwarded direct, unopened and in confidence to the client unless addressed to our Security Manager listing companies to which they may not be sent.

Data Processing Manager

c. £3,000

A group of companies with an established international reputation in specialised light engineering is seeking a Data Processing Manager for its computer installation in South West London. The installation is being developed to provide control information for all the companies in the group. The Manager will be responsible for planning and controlling its activities, for establishing standards and procedures and expanding the use of data processing throughout the Group.

The successful applicant will probably be engaged at present as a systems analyst team leader in a large installation, ready and anxious to assume full managerial responsibilities. The salary offered will be around £3,000 per annum with superannuation and substantial life insurance.

Applicants should give comprehensive details of education, training and experience, indicating the computers with which they are familiar. **(Ref: 1/H8253/STData)**

Beecham Overseas Marketing

Beecham Products Overseas, who handle the marketing of Macleans Toothpaste, Brylcreem, Ribena, Horlicks and other well known products in specified overseas markets, seek overseas managers who will spend a period of approximately one year (or possibly less) at head office and then be posted abroad to take control of a market or markets overseas. Aged 25-35, they will ideally have had about two years' U.K. marketing experience of fast moving consumer goods and speak a foreign language. Overseas experience (other than in Europe) would also be an advantage. Considerable travelling from U.K. or overseas base will be necessary. A mature and pleasant personality and an ability to work on own initiative are prerequisites.

An attractive salary will be paid and details of other benefits will be explained at an interview.

Applications, showing how the requirements are met, should be sent to K. E. Langsford, Personnel Manager, **Beecham Products Overseas, Beecham House, Great West Road, Brentford, Middlesex.**

Stress Research

SENIOR EXPERIMENTAL STRESS ENGINEER

to lead a group solving stress problems as they arise in turbines, boilers and auxiliary power station plant (VN.259/71).

SENIOR THEORETICAL STRESS ANALYST

to lead a group using the latest analytical techniques to study transient problems associated with power station plant (VN 260/71).

£2472-£4002 p.a.

Successful applicants will probably be engineers with a good honours degree and several years' relevant experience. They will work in a department whose objective is the solution of diverse heavy engineering problems, and this will entail visits to power stations within the Region. An IBM 360 and ICL 1900 are among the computing facilities available. The Department is located at Portishead on the North Somerset coast near to Bristol.

CENTRAL ELECTRICITY GENERATING BOARD
South Western Region

The appointments will be made in one of the following grades: £2472-£3303 or £3252-£4002 depending on age, qualifications and experience. Applications on Form SF.1, obtainable from the Personnel Manager, *Central Electricity Generating Board, South Western Region,* 15-23 Oakfield Grove, Bristol BS8 2AS, should be made by 17th September, 1971, quoting the appropriate vacancy number.

Water Resources Board

Civil Engineers/ Scientists

There are 2 vacancies at Reading in the Planning Division of the Water Resources Board in the following areas of work:

Water resources development for England and Wales up to the year 2001. Duties will involve studies aimed at the optimisation of resources including possible exchange between regions and use of estuarial storage, groundwater and desalination.

Water resources development on a regional scale. Duties are concerned with the promotion and detailed consideration *of particular proposals involving* both inland and estuarial sources, changed use of existing sources, integrated use of surface and groundwater sources and determination of trunk distribution links by rivers and large aqueducts. The work entails a *considerable amount of liaison with* other bodies involved such as River Authorities, Consulting Engineers, Planning Authorities and other Government Departments.

Candidates must have experience in water resources planning and development and should have a knowledge of OR and statistical techniques. They must also have a 1st or 2nd class honours degree, or an equivalent qualification, in an appropriate subject, together with at *least 3 years post graduate or other* approved experience or by chartered civil engineers (those awaiting election also considered).

Appointment will be as Senior Scientific Officer (£2,193-£2,703) or chartered Civil Engineer (£2,583-£3,396). Starting salary may be above the minimum of the quoted scales. Non-contributory pension. Promotion prospects.

For full details and an application form (to be returned by 27 September, 1971), write to **Civil Service Commission, Alencon Link, Basingstoke, Hants,** *or telephone* **BASINGSTOKE 29222 ext. 500 or LONDON 01-839 1696 (24 hour "Ansafone" service), quoting T/7703.** Candidates who have already applied should not do so again.

Chief Engineer

for an international company producing a range of sophisticated products for which there is world wide demand in commercial and industrial markets.

• THE need is to provide now for early succession to the top technical post in the company. The role is to master-mind and direct the effort of over 500 engineers and designers. Product modification to meet varying market requirements is an important aspect of the task.

• EVIDENCE of creative achievement and managerial competence at top level in this context is the prime requirement. Experience in an international corporation, preferably in the electronics or precision engineering industry, would be an advantage.

• REMUNERATION is negotiable and would interest men already earning at least £6,000. Age under 50. Base West Country.

Write in complete confidence to G. W. Elms as adviser to the company.

JOHN TYZACK & PARTNERS LIMITED
10 HALLAM STREET · LONDON W1N 6DJ

Personnel Manager

Board Potential *c. £4,000 p.a.*

A public company with over 300 retail outlets and a turnover well into eight figures has developed plans for further rapid profit growth through the opening of additional branches. A new position of Personnel Manager is to be established with board prospects in two to three years. The successful candidate will report to the Managing Director and be responsible for developing techniques of personnel management throughout the Company, with particular reference to improving the effectiveness of Branch Management by recruitment, training and advice on operating conditions.

Candidates must be knowledgeable in the techniques of personnel management and have a record of successful experience in applying these. A period of two to three years in a company operating through scattered units each employing a small number of staff would be a significant advantage. Candidates should be Members of the I.P.M.; a university degree would be an advantage but is not essential. Age range 35 to 45 years.

Salary in the range £4,000 to £4,500. Car provided. Contributory pension scheme. BUPA. London based.

Please write to us, stating current salary and how you meet our Client's requirements, quoting reference PM/3146/ST on both envelope and letter. No information will be disclosed to our Client without permission.

Urwick, Orr & Partners Limited *Personnel Selection Division 2 Caxton St. London SW1H 0QE*

GENERAL MANAGEMENT

Diamonds London & Overseas

The world's largest organisation marketing rough diamonds, needs two experienced administrators. In addition to working in London, they will have the opportunity of taking responsibility for the entire charge and running of an overseas operation.

Their responsibilities will include general administration, security, secretariat, statistical information, personnel function and also public relations at a senior diplomatic level. Following up to 2 years training in London an overseas posting will last approximately 5 years (tours of duty will be of approximately 6 months each) after which there will be management opportunities in London. The job offers great scope for exercising administrative skills in an autonomous situation.

Men, preferably married, between 28 and 35 are invited to apply. Graduates with a commercial qualification or ex-commissioned service personnel are preferred. At least 5 years business experience including supervisory and administrative responsibility is essential. A working knowledge of French is useful.

SALARY according to age and experience likely to be £5,000 (including allowances, free housing, transport and other benefits) on taking up the overseas responsibility.

Candidates should be able to obtain early release and should write for an Application Form to Mr. L. K. W. Slattery, 2 Charterhouse Street, London, EC1N 6RX, by Friday, 10th September, 1971.

Assistant Managing Director

This appointment is with a major company in the manufacture and supply of plastic materials. The Assistant M.D. will have the overall responsibility for the efficient operation and profitability of two of the divisions, and at the same time he will be intimately concerned with the general planning and strategies of the company as a whole. As well as an understanding of technical processes a trained mind is required alert to the financial and commercial factors in a highly competitive industry.

Candidates should preferably be University Graduates and must have a consistent record of achievement with some years experience of successful top level management in a substantial manufacturing company. It is essential that they should possess the personality and qualities of clear thinking and incisive judgement which will enable them to make a significant contribution at Board level. There are excellent prospects for the right man of taking over as chief executive in due course.

Salary by negotiation, but men earning less than £7,500 are unlikely to have sufficient seniority for this post.

Enquiries should be addressed in the strictest confidence quoting reference number 1279 to J. H. R. Stokes, Clive & Stokes, 14, Bolton Street, London, W1Y 8JL.

Clive & Stokes
Appointments & Personnel Consultants

WIMPEY

Your municipal engineering experience of processing site development works, and in the design of highways, drainage and associated works, can be applied to a wide variety of problems arising from the extensive programme of housing, industrial and business developments at home and abroad now being undertaken by the Company. You are invited to apply for one of the following permanent appointments.

CHARTERED ENGINEERS

To lead design staff and to assist in our development of computer applications for design.

ENGINEERS AND TECHNICIANS

To undertake design work with the prospect of future appointments leading a design team in one of the regional or area offices of the Company. Knowledge of town planning, building regulations, and procedures with some administrative experience would be an advantage.

TECHNICIANS

To use and extend their experience in a forward looking organisation using new methods and techniques for design work.

All these appointments offer opportunities to local authority staff to join a commercial organisation on the strength of their municipal engineering experience. Prospects of promotion are good and superannuation contributions can be transferred to the Company's contributory pension fund with free life assurance benefit.

Applications: The Manager
(Ref. ACCP/ST)
Surveyors Dept.
George Wimpey & Co. Limited
27 Hammersmith Grove
London W6 7EN

DEVILBISS

PRODUCTION MANAGER

We are seeking a high calibre man with experience in all aspects of production in the general engineering industry who has successfully held a senior management position involving the control of machine and assembly shops and all related supporting functions.

The man appointed will report to the works manager and will be entirely responsible for production in accordance with the Company's manufacturing programme. He will be in his mid 30's and have as a minimum qualification an H.N.C. in Mechanical or Production Engineering.

The position offers good prospects for advancement and applicants should write giving full details of experience, qualifications, age, and present salary and be forwarded together with a passport size photograph where possible to:—

Personnel Officer,
The DeVilbiss Company Limited,
Ringwood Road, Bournemouth, Hants.

R.F. Power Engineer

We require an Engineer to join a small team developing high power radio frequency systems for the processing of a wide range of materials. Applicants should be practically oriented graduates in Electrical/Electronic Engineering or Physics and should have experience with high power radio frequency equipment. Ref. ST/287.

Electrical Engineer

We require an Electrical Engineer to work in the design and development of unusual high power audio and R.F. Generators and also on special measurement and test equipment.

Applicants should be graduate standard Electrical Engineers, preferably with a knowledge of the Electricity Supply Industry and be familiar with the application of electronics to instrumentation and to high power solid state invertors and oscillators. Ref. ST/288.

Salary for both positions depending on age, qualifications and experience, in one of the following bands:

£1350 – £2259, £2178 – £2745, £2472 – £3303, £3252 – £4002.

N.J.B. conditions – Electricity Supply Industry.

Please apply to
Robert Varley, Head of Personnel Services, Electricity Council Research Centre, Capenhurst, Chester CH1 6ES
quoting appropriate reference.

Electricity Council Research Centre

POWER SUPPLIES & BATTERY CHARGERS

1. **INSIDE SALES/CONTRACTS ENGINEERS.** Sal. c. £2,000 with non-con. pensions fund. Exc. cond. of employment. *Duties incl. customer liaison, estimating,* quoting & gen. contract control.
2. **OUTSIDE SALES ENGINEERS.** Sal. c. £2,000 + comm. with non-con. pension fund. Exc. cond. of employment, company car, exps., tel. & other fringe ben. Duties incl. customer liaison, obt. orders from OEMS in Mechanical Handling field.
3. **FIELD SERVICE AGENTS** for Traction Batt. Chargers assoc. with fork lift trucks, etc. Normal service charges & comm. on all sales.

Tel. Sales Manager today (Brentwood, Essex 3531) or app. form from HARMER & SIMMONS LTD., Peregrine Rd., Hainault, Ilford, Essex. 01-500 1211.

THE BRITISH OPTICAL ASSOCIATION

The Secretaryship of the British Optical Association will fall vacant on *December 31st, 1971.*

Applicants are invited to write to the President of the British Optical Association at 65 Brook Street, *London W1Y 2DT.*

Duties will include the general administration of the Association and its examinations, liaison with other bodies and official departments, and may also include editorial duties. Commencing salary will not be less than £3,000 p.a.

LONGANNET POWER STATION

ASSISTANT ENGINEER

(INSTRUMENT MAINTENANCE)
COMMISSIONING

Applications are invited for the above commissioning post at Longannet Power Station which is situated on the north bank of the River Forth, approximately 2 miles east of Kincardine Bridge. The Station will ultimately comprise four 600 M.W. units, two of which have been commissioned.

When the Power Station is fully commissioned the engineer "in post" will either be absorbed within the Station complement or transferred to commissioning duties at another large power station.

The successful candidate will form part of a maintenance team and will be responsible to the Maintenance Engineer for work on advanced instrumentation and control circuits. Whilst the work will normally be carried out on day work, occasional shift working may be necessary.

Applicants should preferably have served an apprenticeship and be qualified to H.N.C. standard. *Practical experience in one or more of the following* fields is essential:

Advanced Instrumentation
Electronic Control Systems
Light Current Engineering
Electro/Mechanical Control Equipment.

Salary will be within the range £1,992/£2,511 per annum, plus a supplementary payment of £60 per annum (N.J.B. G.12).

Applications, quoting reference 13/G.72/71 should be submitted on the standard form, obtainable from **The Chief Personnel Officer, South of Scotland Electricity Board, Cathcart House,** *Inverlair Avenue, Glasgow, S.4,* not later than 20th September, 1971.

SOUTH OF SCOTLAND ELECTRICITY BOARD

Assistant to Director

(Marketing Information)

The London based Director of Rustenburg Platinum Mines needs a personable young graduate in his mid to late twenties, preferably with a technical economic background and some experience in market research, to assist in the development of a market information and liaison unit in London.

Rustenburg Platinum Mines, situated in South Africa, is the largest platinum producer in the world and is administered by Johannesburg Consolidated Investment Company—one of the mining finance houses in South Africa.

To begin with the successful applicant will assist the Director in the processing of market information. As his knowledge of the industrial applications of platinum develops, he will be expected to travel abroad periodically.

Salary is negotiable around £2,500 depending on experience and qualifications. Conditions of employment are in keeping with large Group practice.

Applications, giving details of age, qualifications, experience, present salary and reasons for wanting the post should be addressed to:

The Director in London,
RUSTENBURG PLATINUM MINES LTD.,
10/11, Austin Friars, London, EC2N 2EY

Fuels Engineer

Amoco (U.K.) Ltd. require a Fuels Engineer to be based in our Wembley Head Office to provide a technical service to existing and prospective customers on the application of Amoco fuels. He will liaise with furnace, boiler, burner and engine manufacturers and will assist in the quality control of fuels and with refinery specifications.

The successful applicant will have a sound practical and theoretical knowledge of continuous combustion processes.

Preference will be given to a candidate with B.Sc., Associate Membership of a Professional Institution or M.O.T. Steam and Diesel Certificate.

The job will involve extensive travel within the U.K. marketing area.

This is an expanding Company in the U.K. in terms of both sales volume and staff numbers.

A substantial salary commensurate with experience will be paid; there is a first-class pension scheme and assistance towards relocation may be provided.

Please write or telephone for application form to:

Employee Relations Manager,
Amoco (U.K.) Limited,
International Life House,
Olympic Way, Wembley,
Middlesex HA9 0ND
Tel: 01-902 8820

AMOCO

Plant Manager

The organisation—a subsidiary of a foreign company which makes industrial handling machinery. The UK plant is due to expand to a £2M annual turnover and a staff of 200.

The job—the UK plant manager will be responsible to the managing director, Europe, for all aspects of manufacturing and plant management. His first task will be a major re-organisation of the plant's manufacturing capability.

The rewards—a salary of about £6,000 is envisaged, with additional incentive compensation based on results achieved. Commensurate fringe benefits will be included, and there are promotion prospects in Europe.

The man—an expert in practical manufacturing, he must be a professional engineer with thorough experience of plant- and man-management. He must be committed to the idea of international co-operation, and able to delegate whilst retaining *ultimate control.*

How to apply—R. F. Holdsworth, of the National Institute of Industrial Psychology, is advising the company on this appointment. Write to him in confidence, giving brief details only at this stage, *and asking for an application form and job information sheet,* at 14 Welbeck Street, London, W1M 8DR.

DIVISIONAL MANAGER

We have been asked to recruit a qualified engineer with extensive electro-mechanical technical background and sound managerial and marketing experience in operating a million pound plus capital product division. He would be responsible for design, marketing and manufacture of a wide range of products for international markets. This is a new appointment resulting from expansion and rationalisation of markets within the Company.

The parent Company operates internationally, but the successful candidate would be based in South England and make periodic visits abroad.

Please send details in confidence to:

c/o Miss M. E. Davidson, (Ref. TB.1),
11A New Square,
Lincoln's Inn,
London, W.C.2

INDICATOR	PROFITS	DIVIDENDS	PRICE CHANGES
Last week	£25.6m (—5.3%)	Up: 15 Down: 9 Same: 22	The Times Industrial Share Index 168.73 (+0.45 on the week)
Last 52 weeks	£5,045m (+4.5%)	Up: 1,612 Down: 569 Same: 1,614	Treasury 8½% 'A' £97¼ (+£1¼) Costain 208p (+16p) Sun Alliance 492p (+17p) Lewis & Peat 'A' 160p (+18p) Edger Investments 169p (—18p) Cons Murchison 285p (—55p)

Figures show annual pre-tax profits for companies reporting last week and over the 12 months.—Statistics by Exchange Telegraph

UNIT TRUSTS

● Ex dividend. a Ex all. b Forecast dividend. c Corrected price. e Interim payment passed. f Price at suspension. g Div. and yield exclude a special payment. h Bid for company. k Ex capital distribution. n Forecast earnings. p Pre-merger figures. r Ex rights. s Ex scrip. t Tax free. y Price adjusted for late dealings. ... No significant data.
(Further Stock Market quotations may be included in this table at a rate of £78 per annum per quotation.)
In the price earnings ratios on this page the share price is compared with the company's annual profits. Latest available earnings are used, allowing for corporation tax, normally on a 42½ per cent basis, trusts, banks, insurance companies along with certain mines and overseas groups excluded.

NEW ISSUES

General Appointments ● General Appointments ● General Appointments ● General Appointments

Box No. replies should be addressed to THE SUNDAY TIMES, Thomson House, 200 Gray's Inn Road, London, WC1, unless otherwise stated. No original testimonials, references or money should be enclosed.

SUNDAY TIMES BUSINESS NEWS

LONDON DOCKS

How do you raise productivity when there's no work?

Hovey Antwerp. shop steward George Pye (right) and his mates: sent home for lack of work

THE PORT OF LONDON, which at last seemed destined for comparative peace since the dockers were given permanent jobs and a fixed basic wage following the *Devlin Report* of 1966, is facing chaos. The powerful Transport and General Workers Union is now demanding a cost-of-living increase and, because the employers will not pay, has threatened to revert to the pre-Devlin set-up. The TGWU has *given the employers six weeks to* find a solution but, if one is not forthcoming, the port will plunge back into the confusion of the bad old days. Sadly, this will be *something that neither side wants* at any price.

In a way, both the employers and the 10,500 dockers are victims of circumstances beyond *their* control. The forecast switch from conventional shipping *to containers* is well under way and the older part of the port—the enclosed docks nearer the centre of London—are *losing* out to Tilbury further down river. *This point was rammed clearly* home last week when the Hovey Antwerp Company, which has *been in the enclosed docks for more than a century*, decided to close its West India-Millwall operation. Its Tilbury dock will stay open.

The delicate union position was further exacerbated by Friday's *decision by the Fred Olsen* company, which has always been a wages pacesetter and is not a member of the employers' association, to give its 246 dockers an £8.75 increase over two years, bringing their weekly wage to £48.75. Despite the psychological blow of the Hovey Antwerp closure, the size of this payout will *not help cool the militants in* other parts of the port in the present negotiations. They are understood to be asking for about £4. The dockers are both frustrated and angry.

A test of their feelings will *come* on Thursday when the National Amalgamated Stevedores and Dockers (NASD), one of the smaller port unions, holds a mass meeting. So far the NASD, which *backs most of a 15-point wage claim* presented to the employers by the TGWU, has held back from threatening to withdraw from Devlin.

However, both sides still have a lot of room for manoeuvre. To see why it is necessary to show exactly what the Devlin plan was. As the table shows, what is at stake now is 15 years of work to pull the docks into the 20th Century and this does not take into account the 19 other dock reports which have been compiled since 1946.

Devlin's two main *reforms* were ending the casual system, under which men were employed and laid off as and when needed, and the substitution of a fixed "upstanding" wage for the plethora of piece-work rates. Both reforms were accepted, with some reluctance, by both sides, and decasualisation (known as Devlin One) started in 1967.

The new wage structure (Devlin Two) which, incidentally, was negotiated for the employers by John Hovey of *Hovey Antwerp, came into force* last September. Under this men in the enclosed docks earn between £36.50 and £39 a week. In theory all should be well, but *things have not worked out*. As Joe Payne, who is speaking for the employers in the present talks, explains: "If you're going to change the world you must allow *sufficient time*. I think Devlin has been brought in too fast."

It came too fast, for instance, for some of the road hauliers *who carry goods in and out of* the docks. Many of them stopped work at 7 pm although the dockers' two-shift day ended at 9 pm. And, although the dock-*side men had signed* the deal, the lightermen, who operate the barges on the river, had not; so smooth working between the two groups was difficult. The lightermen, members of the industry's oldest union, the Watermen, Lightermen, Tugmen and Bargemen, in fact only entered Devlin Two last week—a year behind the others.

The effect of these problems *was to hit* the productivity that the employers were hoping for from Devlin. Joe Payne claims the conventional trades (in the enclosed docks) loading productivity in deadweight tons per net man hour has dropped between 27% and 85% from January-May, 1971, compared to *the same period last year*. Taking all dock operations, 5% more men were employed for an 11% drop in throughput with 15% more being spent on wages.

This is not the dockers' fault. Traffic has been staying away from the Port of London at a time when (thanks to Devlin Two) the cost of employing dockers had soared, and had become far more of a fixed cost than before because the dockers were guaranteed an income.

Inevitably, something had to give. It finally gave on Wednesday when Hovey Antwerp, which used five berths for its general cargo Mediterranean trade at the West India-Millwall docks, decided to close down there.

Managing director Oscar Hovey says cargo has fallen around 100,000 tons (30%) over the past 12 months. "This has gone to containers and pallets (which can be loaded with fork-lift trucks) and a general loss of trade. Clients have found it uneconomical to trade to London."

By this he means increased wage bills: Hovey's firm has to pay its men even if there is no ship to be worked. Three days last week all 240 men were sent home because there was nothing to do. On Friday as they stood around, shop steward George Pye said: "With no ships how can we increase productivity?"

Hovey's wage bill problems have not been helped by the Port of London Authority raising its charges by 17%, and he does not attack his dockers' attitudes. "The majority have pulled their weight right to the end of the shift." And Joe Payne says: "In the past 12 months, apart from the national dock strike, there have been no real industrial disputes." The problem is simply that a company can not pay men if there is no income. No wonder many people in the port fear that Hovey Antwerp will not be the last to go.

The 240 laid-off dockers will *go into the dock labour pool*, and their earnings will slump from £39 to £20 a week. It was, perhaps, a sign of the times in the East End on Friday that the Hovey Antwerp dockers were more anxious about their mortgages than not having cash to feed their families. Many have moved from the immediate area since Devlin, and one says: "My petrol bill is £4 a week. It's hardly worth coming in to pick up £20."

The Dock Labour Board has *now become a central part of* the current pay talks. This body, on which employers and unions are represented 50-50, registers dockers, who cannot be sacked, *but only encouraged to leave* with pay-offs. At least 140 men under the board are unemployable or incapacitated, and Joe Payne is saying some should go. But the *unions say many have* become like this following injuries in what is still hazardous work. As one fit man says: "Why should we force these blokes out? It could be *me next*."

So this weekend in the Port of London everything boils down to this: The employers want more productivity before they pay up; *the unions* say it is not possible to achieve this productivity, but they are entitled to more money. It looks like an impasse, but a way must be found round it. *Too much good has already come* out of Devlin, with the promise of much more to come, for years of hard work to be thrown away.

John Fryer

15 years' work that could go down the drain

1956: Lord Devlin's first report into dock labour.

1964: Second Devlin inquiry into dock labour.

1965: Full report published.

1966: Devlin reports on de-casualisation.

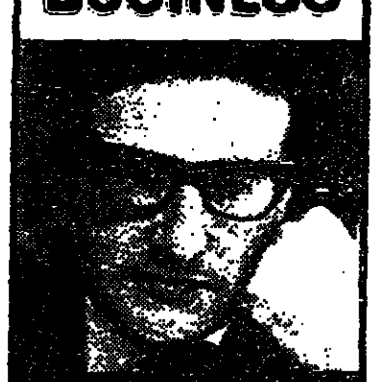
1967: Devlin One—*decasualisation* starts.

1970: Devlin Two—basic wage introduced.

1971: Lightermen agree to Devlin Two.

UCS: throw good money after go

ANY OTHER BUSINESS



by Nicholas Faith

£ Upper Clyde Shipbuilders still has the capacity to surprise. Ever since its ill-starred foundation three years ago the news from it has invariably been gloomier and gloomier. Yet last week the liquidator revealed just how much Ken Douglas, the managing director, had improved the position since he took over two years ago. Over £20 million of *the much-bandied figure of* £28 million total losses turn out to be for the years before his arrival. The annual rate of loss in 1969-1970 was £4 million and for the current year (one in which inflationary pressures have caused low moaning noises from ship builders the world over) it was down to £3.5 million.

Even the recent losses are large enough to ensure that the Government feels it is doing the right thing in breaking up *the* UCS complex and throwing out of work something between 6,500 people (those actually employed in the yards) and the 27,000 *figure circulated as the possible* consequential sackings by UCS's suppliers. But in fact the figures make complete nonsense of the Government's case. How *ridiculous this is can be judged from* the high pitched shrieks of the Japanese shipbuilders. These paragons of efficiency are now claiming that they need hundreds *of millions of pounds to save* them from instant bankruptcy at the slightest change of the value of the yen.

In other words even they require *government aid*. So does the rest of the shipbuilding world—and in much larger sums than UCS would need. *In computers* and aircraft the Government has accepted that a British presence in the world is necessary and that this inevitably implies Government support in many forms (not just cash but orders as well). The reasons why the Government will not accept a similar case for shipbuilding are many and various. Cynics will claim that this reluctance is *because ships are built in constituencies* which are solidly Labour anyway, so are, politically, not worth bothering about. The g r o w t h-through-technology set *(who have become somewhat sotto voce* of late) would say that shipbuilding, unlike aircraft or computers, is not a high-scientific interest area. Solid industrial toughies would *say that* the industry—especially UCS—was in such a mess, managerially and physically, that recovery would be too expensive to be worth while. *Union-bashers* can legitimately point to the recent Commission on Industrial Relations' report *on the industry as* proof that the unions, by eternal and strike-full quarrels, have ruined the industry and deserve to take their punishment in the *form of unemployment*.

None of these arguments (except the electoral one) applies in the UCS case. The liquidator's figures show that clearly. *Recovery was not only possible; it* was actually provable in figures—as was the co-operation of the workers and unions by increasing productivity fast and in accept*ing several thousand redundancies* over the past two years. Under Douglas UCS was being *confined* to the relative mass production of types of ships actually needed *in world trade in the future. And* the cost of saving UCS as a whole is clearly limited. The reduction in losses shows that it is no longer—as it was once—a ques*tion of a bottomless pit swallowing* any likely Government aid, but of a once-for-all payment of probably, around £10 million in working capital and physical *improvements*.

£ Not spending the money will, of course, cost the Government itself somewhat more than £10 million—and the economy as a *whole far more. Given that there* are 20 men looking for every job in the area, given, too, that the average period for which men are out of work there is now *reckoned as several months, the* straight cost of keeping the UCS men on the dole will be more than £10 million. The cos economy in lost product exports, avoidable impo duced spending power course, higher.

But too much emotiona is now involved for the ment to behave efficien rationally.

No one in the Gov has ever explained why th could not be industrially the report of the Four W none of whom was profe *connected with shipb* engineering, or indeed an manufacturing industry, (in its published version a sums up the anti-UCS *implication anti-Douglas*) prevalent among Britain's shipbuilders. It could a easily throw up its hands ror at the past—but the in UCS has been suffic make this history irrelev

£ Of course the sa of UCS can be hel *an example of the e* of State intervent industry. But in fact su governments have behav like private shareholders. *the State normally* does industries in its charge. mally governments interf much. *Like impatient nov* deners they are forever up nationalised industries roots, examining them to s they are doing and then them back anyhow into t having interrupted and thwarted the development plant involved. In the UCS successive gover have behaved much mo private shareholders. been *sold a dubious inv* in the first place, they refused to face the true *things until* too late. The perpetually been reluct put in money when it was in no hurry to change m ment.

Both Labour and Conser have behaved like the *models of incompetent* holder capitalism. The ment's present behavio precisely that of the stricken shareholder or *who hasn't bothered* about an investment in th knows it, feels guilty abo results of his past neglect, fore refuses to look coolly *situation, simply says he* w throw good money afte damns the whole thing an to forget about it. This is t pattern. But it doesn't *sense, not capitalist sens* socialist sense, not any s sense.

APPOINTMENTS INDEX

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